

Daily Report

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General

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HK0612030893 Hong Kong MING PAO in Chinese 6 Dec 93 p A2

["Special dispatch" by staff reporter Tu Fu-liang (2629 4395 5328) from Beijing: "Beijing Learns That the United States Will Not Meddle in Sino-British Dispute, and Believes That American Capital Will Not Withdraw From Hong Kong"]

[Text] According to reliable Chinese sources, after PRC President Jiang Zemin met with U.S. President Clinton in November, the Chinese side was informed by the U.S. side that the United States would not meddle in the Sino-British dispute over Hong Kong's political arrangements. Therefore, the Chinese side believes that even if the Sino-British talks on Hong Kong's political issues break down, American capital would not immediately withdraw from Hong Kong, with obvious implications for the local economy. At the same time, it is also impossible for China-funded institutions to do anything unfavorable to the Hong Kong economy. A Chinese official said that in the future, the China-funded institutions would only increase investment in Hong Kong and would not withdraw their capital.

On the other hand, the Chinese side found that there was little chance of resuming the talks, and it will keep a wait-and-see attitude for a short time to come. For the time being, it will not unilaterally make public the whole contents of the 17th round of the Sino-British talks.

Last Friday, the spokesman for the State Council's Hong Kong and Macao Affairs Office issued a 3,000-character statement through XINHUA, expressing the Chinese side's basic attitude toward the lower-level elections, and indicating that the Chinese side would not allow the British side to submit the draft to the Legislative Council before an agreement is reached by the two sides. The Chinese official said that the Chinese side now had no intention of making public the positions of the two sides on the arrangements for Legislative Council election and the proceedings of the talks. They will wait to see how far the Hong Kong governor is going before they decide what corresponding steps are to be taken. This practice of the Chinese side prevented the door to the talks from being locked after being closed.

However, on the issue of resuming the talks, the Chinese side holds that the initiative must be taken by the British side. Because the Chinese side does not agree that the talks should go on while the draft is being discussed by the Hong Kong Legislative Council, the British side must change its timetable for gazetting the election bill and submitting it to the Legislative Council. Only thus will the Chinese side be willing to continue the talks.

At the same time, the Chinese official also noted that since the Hong Kong governor had announced the date for gazetting the bill and submitting it to the Legislative Council, there was little chance of changing or rescinding the decision. Therefore, the Chinese side thought that there was little chance of continuing the talks as had happened earlier this year when the constitutional reform package was not submitted to the Legistlative Council after it was gazetted by the Hong Kong governor. It is said that the Chinese side will not accept the second gazetting action. Thus, if the Hong Kong governor gazettes the four-point election bill on Friday as he has announced, there will be no chance of resuming the talks at all.

Report on U.S. Senator's Visit to Vietnam

OW0412134293 Beijing XINHUA in English 1323 GMT 4 Dec 93

[Text] Hanoi, December 4 (XINHUA)—U.S. Senator Frank Murkowski, on a visit to Vietnam, today expressed the hope that President Bill Clinton would lift the economic embargo against the country soon.

According to the senator, Clinton might allow U.S. enterprises to participate in loan projects in Vietnam as early as next year.

Murkowski said that would give American firms an opportunity to play a part in Vietnam's economic resurgence and development.

The senator, who is also a member of the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, told a press conference here today that the two countries had made further progress in their bilateral relations.

He said he highly appreciated Vietnam's active cooperation in finding U.S. soldiers who went missing during the Vietnam war, revealing that only 250 of the 1016 American servicemen listed as missing in action (MIA) are still missing.

The senator said that he believed the best way to solve the long- standing problem was to establish bilateral trade and economic cooperation as soon as possible. He also called for an improved understanding between the two countries, which would suit their common interests.

Murkowski met with Do Muoi, general-secretary of the Central Committee of the Vietnamese Communist Party, and Vietnamese Foreign Minister Nguyen Manh Cam during his visit which began December 2.

'News Analysis' on Christopher's Mideast Visit

OW0312183593 Beijing XINHUA in English 1803 GMT 3 Dec 93

["News Analysis" by Liu Shun]

[Text] Cairo, December 3 (XINHUA)—U.S. Secretary of State Warren Christopher began his Middle East swing today, the third since he assumed office early this year, in an effort to promote resumption of the Arab-Israeli talks suspended since September.

Analysts here say Christopher this time will focus his attention on two principal objectives. The first is to win

Syrian and Israeli approval to resume their bilateral talks, and the other to remove obstacles obstructing Palestinian-Israeli negotiations.

Christopher's tour, which is to cover Israel, Syria, Jordan, Egypt and Tunisia, is considered a new U.S. attempt to push forward the peace efforts on all tracks.

Israel and Syria are the two major stops in Christopher's present tour. The U.S. secretary is expected to shuttle between the Syrian and Israeli capitals to bridge their gaps over Israeli withdrawal from Syria's Golan Heights and the resumption of the Syrian-Israeli negotiations.

Syria is demanding a complete withdrawal of Israeli forces from the Golan in return for full peace. It refused resumption of the bilateral talks with Israel unless the Jewish state agrees to a full withdrawal from the strategic plateau.

On the other hand, Israel insists on maintaining troops in part of the Golan under the pretext of security.

Western diplomatic sources say Christopher is carrying new American ideas and proposals concerning Israeli withdrawal from the Golan Heights.

These ideas may include a projected declaration of principles between Israel and Syria, based on Israel's relinquishing sovereignty over the Golan Heights and a gradual withdrawal of its forces. In return, Syria declares its readiness to normalize its relations with Israel gradually.

The sources said U.S. President Bill Clinton would seek to host a tripartite meeting between himself, Syrian President Hafiz al-Asad and Israeli Prime Minister Yitzhaq Rabin in Washington should Christopher succeed in his mission.

Meanwhile, the Palestinian-Israeli negotiations on self-rule in the Gaza Strip and Jericho area in the West Bank have embarked on a difficult and decisive stage with the fast approaching of the December 13 deadline set for Israeli withdrawal from the two areas.

Many problems remained unresolved such as the size of Jericho to be evacuated by Israel, Israeli military posts reserved for the protection of Jewish settlements and the control on border crossing.

Palestinian president Yasir 'Arafat announced during his recent European tour that the Palestinian-Israeli negotiations had reached a dead end. And Israeli Prime Minister Yitzhaq Rabin declared that the commencement of Israeli troop withdrawal from Gaza and Jericho might be put off after the December 13 deadline.

In view of the big differences between the Palestinians and Israel, Christopher might be compelled to devote more time to bridging the gaps between the two parties.

Christopher is scheduled to hold two meetings with 'Arafat, one in Jordan and the other in Tunisia, to discuss the removal of the obstacles that obstruct the Palestinian-Israeli talks.

Informed Arab sources here said the parties to the peace process hope that Christopher's diplomatic swing will succeed in all of the Palestinian, Syrian, Lebanese and Jordanian tracks, with the removal of the snags impeding bilateral Arab-Israeli talks.

At the same time, they admit that Christopher's mission is by no means an easy job.

Li Lanqing, UN Envoys Discuss Education Forum

OW0312143193 Beijing XINHUA in English 1402 GMT 3 Dec 93

[Text] Beijing, December 3 (XINHUA)—Vice-Premier Li Lanqing, who will soon attend an educational summit involving nine densely populated developing countries, met with five U.N. resident representatives today and exchanged views with them on cooperation between China and relevant U.N. organizations.

The educational summit, jointly sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO), the children's fund (UNICEF) and the population fund (UNFPA), will be held in New Delhi December 15-16.

Representing Chinese Premier Li Peng, Li Lanqing will lead a delegation attending the summit, which will aim at accelerating the process of making education universal and eliminating illiteracy in these countries through enhancing international exchanges and cooperation.

During today's meeting, Li briefed the U.N. officials on China's progress in these fields.

Education is very important for a nation's development, Li said. Whether a country can make long-term achievements in its economic construction depends largely on the educational level of its people.

On behalf of the Chinese Government, Li thanked the relevant U.N. organizations for their help toward China's educational development in the recent 10 years.

Arthur N. Holcombe, resident representative of the UNDP [UN Development Program], appreciated China's efforts in educational reform and praised the achievements made in making education universal.

Both sides expressed hopes of enhancing the cooperation between the U.N. organizations and the Chinese Government to make positive contributions to worldwide educational development.

Agriculture Minister Speaks at Economic Seminar

OW0312085893 Beijing XINHUA in English 0830 GMT 3 Dec 93

[Text] Beijing, December 3 (XINHUA)—Over 120 well known agricultural experts from 13 countries and regions, as well as representatives from United Nations organizations, have attended a five-day seminar on China's rural reform and development that opened here today.

During the seminar, experts will outline methods to advance the development of agriculture and rural areas as China moves from central planning to a market economy.

Experts will also conduct in-depth discussions on such issues as government controls on and protection of agricultural production at the macro-level, domestic and international trade in farm produce, rural financial and taxation systems, land rights, reform of farmers' organizations, rural employment and migration, rural industrialization and urbanization, and social developments in rural areas.

Speaking at today's opening ceremony, Chinese Agricultural Minister Liu Jiang described these issues as complicated. They need to be solved urgently, said Liu.

"The problems facing reform and development in China's rural areas in the 1990s will be more sophisticated than those of the 1980s. So the task will be more difficult", said the minister.

Liu said the rural reforms between 1978 and 1993, characterized by the household contract responsibility system and the liberalization of farm produce distribution and marketing systems, have promoted the agricultural production and have created a vigorous rural economy.

According to official statistics, the per capita net income of about 800 million peasants rose to 784 yuan in 1992 from 133 yuan in 1978, a five-fold increase. The reforms also resulted in drastic increases in grain output, which reached 407 million tons in 1984 from 304.7 million tons in 1978.

The rapid growth in grain production made it possible for China to feed its huge population of about 1.1 billion, with per capita grain consumption climbing to 396 kilograms.

Du Ying, vice-director of the Research Center for the Rural Economy under the Agriculture Ministry, said the rural reforms, responsible for substantial changes in the rural economy, has failed to change the irrational relationship between agriculture and industry in terms of national income distribution.

To this day, the general scenario in which agricultural accumulation feeds industry has not been redressed. As China introduces market mechanisms, the government should and must adopt appropriate supportive and protective measures in favor of agriculture, said Du.

The government recently outlined a series of policies and measures to raise farmers' income and promote stable and sustained development of agriculture and the rural economy. More state investment will be channelled into agriculture beginning from next year.

China has already established a grain protection price system and is setting up a grain reserve system, which are designed to protect the interests of peasants and promote the development of agriculture.

During the seminar, which was organized by the Ministry of Agriculture, views and suggestions will be put forward by experts from the United States, Japan, Canada, Germany, Australia, Britain, Russia and Taiwan.

Also attending the meeting are State Councillor Chen Junsheng, Vice-Minister of the State Planning Commission Chen Yaobang and noted Chinese Agricultural Expert Du Runsheng, representatives from the Ford Foundation, the United Nations Development Program, the Food and Agriculture Organization and the World Bank.

Trade Official Meets Argentine, Brunei Guests

OW0612130793 Beijing XINHUA in English 1050 GMT 6 Dec 93

[Text] Beijing, December 6 (XINHUA)—Zheng Silin, Chinese vice-minister of foreign trade and economic cooperation (MOFTEC), met here today with an Argentine economic and trade delegation headed by Hector Gambarotta, secretary of state for international economic relations of Argentine Foreign Ministry.

On another occasion Zheng met with H.E. Skinner, visiting deputy minister of finance of Brunei, and his party.

Press Delegates at Forum Meet Singapore Leader

OW0312130393 Beijing XINHUA in English 1252 GMT 3 Dec 93

[Text] Singapore, December 3 (XINHUA)—Delegates from 41 Chinese language press over the world called on Singapore President Ong Teng Cheong here this afternoon.

During their meeting, President Ong encouraged the delegates to further develop Chinese language newspapers and contribute to the economic development of the countries they belong to.

They are here to attend the 26th Annual Meeting of the Chinese- Language Press Institute which opened here yesterday.

The two-day meeting of the Chinese language press institute ended today after discussion on "the role of Chinese language press in East Asian economic development".

About a hundred delegates from Hong Kong, Taiwan, Malaysia, Singapore, Thailand, Japan, the United States and European countries attended the meeting.

Ten delegates of four newspapers in southern China attended the meeting as observers.

Ker Sin Tze, Singapore minister of state for information and the arts met and talked with leaders of the Chinese Language Press Institute.

It was announced that the next annual meeting will be held in Hong Kong in 1994.

United States & Canada

Reaction to U.S. Treasury Department Charge

OW0412092293 Beijing XINHUA Domestic Service in Chinese 0743 GMT 4 Dec 93

[Text] Beijing, 4 Dec (XINHUA)—A spokesman of the People's Bank of China today answered a XINHUA reporter's questions in connection with the United States Treasury Department's charge that China manipulated its foreign exchange rates.

Question: In a report it submitted to Congress on 23 November, the U.S. Treasury Department charged that China manipulated the exchange rates of its currency, the renminbi, to gain an advantage in unfair competition. Do you have any comment on this?

Answer: The charges by the U.S. Treasury Department do not tally with the facts. According to statistics compiled by China, a huge trade surplus by China over the United States does not exist. The Chinese Government has never manipulated the exchange rates of its renminbi to seek an advantage in unfair trade competition. On the contrary, the Chinese Government has adopted measures to stabilize exchange rates.

Since the second half of 1992, China's import growth rate has greatly surpassed the export growth rate because of expanding domestic demands. This year China's trade deficit is expected to surpass last year's figure. To stabilize the currency and maintain the healthy and sustained growth of the national economy, we have, since July, adopted a series of measures to rectify the financial order and strengthen macroeconomic control. As a result, the exchange rates of the renminbi have remained stable in the past few months.

The charges mentioned in the U.S. report that China's current exchange system does not conform with Article 15 of the General Agreement on Tariffs and Trade and with the relevant provisions of the IMF are also unreasonable. In fact, since 1980 China has run its foreign exchange control system in accordance with Article 14 of the IMF Constitution's on transitional arrangements. Moreover, it has continued reforming its foreign exchange system and worked hard to improve the operating mechanism of the foreign exchange market, so as to achieve a more effective way of distributing foreign exchange through the market. Recently, the Chinese Government officially announed that a major reform of the existing foreign exchange structure will be conducted next year, which will include the establishment of a controlled system of floating foreign exchange rates based on the market and a unified standard foreign exchange market.

U.S. House Science Committee Delegation Visits

NPC Official Meets Group

OW0312141893 Beijing XINHUA in English 1351 GMT 3 Dec 93

[Text] Beijing, December 3 (XINHUA)—Fei Xiaotong, vice- chairman of the National People's Congress (NPC) Standing Committee, met with a delegation from the Science, Space and Technology Committee of the U.S. House of Representatives headed by George E. Brown and hosted a dinner in its honor here this evening.

At the invitation of the NPC Education, Science, Culture and Public Health Committee, the 27-member delegation arrived here today as the largest group from the U.S. Congress to visit China since 1989.

Jiang Zemin Meets Delegates

OW0412110093 Beijing XINHUA Domestic Service in Chinese 0808 GMT 4 Dec 93

[Text] Beijing, 4 Dec (XINHUA)—President Jiang Zemin met with George Brown, chairman of the Science, Space, and Technology Committee of the U.S. House of Representatives, and other members of his entourage at Zhongnanhai this morning. The host and guest exchanged views of common interest in a friendly and frank [you hao tan shuai di 0645 1170 0982 3764] manner.

During the meeting, Mr. Brown, who visited China in 1978, said that China has taken big strides in developing its economy in the past 15 years, adding that his purpose in leading a delegation to visit China is to get acquainted with China's achievements in applying science and technology to develop its economy, and at the same time to seek an opportunity to expand cooperation with China in the fields of science and technology.

Jiang Zemin said: Compared with 15 years ago, China has truly undergone many changes. Development in the coastal areas is fairly rapid. Changes have also taken place in the hinterland, but the development there is a bit slow. He expressed the hope that the American friends will visit more places to see for themselves.

In speaking of Sino-U.S. relations, Jiang Zemin said: "I am very pleased with my recent meeting with President Clinton in Seattle, for the meeting has enhanced mutual understanding and will help improve and develop Sino-U.S. relations. I always believe that there is great signifance in developing Sino-U.S. relations. We have all along attached importance to our relations with the United States. The Chinese Government hopes to work together with the U.S. Government for the improvement and development of Sino-U.S. relations. At the same time, we also hope to strengthen cooperation with the United States in the fields of science and technology."

Present at the meeting was Zhao Dongwan, chairman of the Education, Science, Culture, and Health Committee of the Chinese National People's Congress.

Qiao Shi Meets Delegates

CM0612134893 Beijing XINHUA Domestic Service in Chinese 1221 GMT 4 Dec 93

[By reporter Zhou Shuchun (0719 2885 2504)]

[Text] Beijing, 4 Dec (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress, this afternoon met with a delegation from the Science, Space and Technology Committee of the U.S. House of Representatives, headed by committee Chairman George Brown.

Both sides unanimously stated that China and the United States should enhance cooperation and jointly make contributions to promoting world peace and development.

Qiao expressed the hope that the two countries, as well as their congresses, should strengthen contact and expand mutual understanding, so as to build Sino-U.S. relations on a firmer basis.

Calling China and the United States big countries with an important influence in the world, Qiao said: "It is very important for the two countries to maintain good relations."

Qiao said that the meeting between Chinese President Jiang Zemin and U.S. President Bill Clinton in Seattle last month was of great significance. He hoped that the Sino-U.S. summit, the first in more than four years, would form a new starting point and prompt continued improvement as well as a healthy and overall development of Sino-U.S. relations based on the principles enshrined in the three joint communiques signed between the two countries.

Brown spoke highly of China's "unprecedented economic development," saying: "We hope to develop closer cooperation with the Chinese people and government."

In the 50-minute-long meeting, both sides expressed the view that China and the United States, with increased bilateral cooperation, can jointly contribute to regional and world economic development and safeguarding world peace.

China is the biggest developing nation, with a huge market and vast potential, while the United States is the biggest developed country, with more advanced science and technology, Qiao noted, adding that Sino-U.S. cooperation in this regard has "a broad prospect."

NPC Members Meet Group

OW0412132193 Beijing XINHUA in English 1310 GMT 4 Dec 93

[Text] Beijing, December 4 (XINHUA)—A group of senior Chinese and U.S. Congress officials said here today that they are willing to expand exchanges between specific committees of the two congresses so as to promote Sino-U.S. scientific and technological cooperation.

They expressed their willingness during the talks held this afternoon between Zhao dongwan, chairman of the Education, Science, Culture and Health Committee of the Chinese National People's Congress, and a group of visiting U.S. congressmen headed by George Brown, chairman of the Science, Space and Technology Committee of the U.S. House of Representatives.

Zhao said that the exchanges between the counterpart committees of the congresses of China and the U.S. are very important in developing bilateral relations.

In the field of space technology, Zhao said, China has made great achievements which have drawn the world's attention, and cooperation in this regard between the two sides has broad prospects.

Such cooperation can be further strengthened as long as the two sides make efforts, he said.

Touching on issues of intellectual property rights, Zhao said that China has always attached great importance to their protection, adding that China has comprehensive laws concerning this issue, which are integrated with international standards.

He also briefed the guests on the system of China's National People's Congress.

Brown said that scientific and technological cooperation goes beyond national boundaries. He expressed his willingness to expand exchanges between the two sides so that international cooperation in this field may be further developed.

Brown and his party arrived here yesterday as guests of Zhao's committee. After Beijing, they are scheduled to visit Shanghai, Guangzhou and Shenzhen.

U.S. Announcement on ABM Treaty Reported

OW0412132293 Beijing XINHUA in English 1300 GMT 4 Dec 93

[Text] Washington, December 3 (XINHUA)—The United States is seeking changes in the Anti-Ballistic Missiles (ABM) Treaty so that U.S. forces and those of its allies could be better protected from short-range tactical missile attacks.

Washington's new approach was intended to deal with "the real problem of defending against attacks from states that have or may develop shorter-range ballistic missiles," State Department Spokeswoman Christine Shelly said Friday [3 December].

The 1972 ABM Treaty bans defenses against intercontinental missiles.

"Our intention is to make clear the distinction between theater missile defense not limited by the treaty and strategic defenses that are limited," Shelly said.

Central Eurasia

Ukraine Opens Embassy in Beijing 26 Nov

OW2611081293 Beijing XINHUA in English 0619 GMT 26 Nov 93

[Text] Beijing, November 26 (XINHUA)—Ukraine opened its embassy in Beijing here today.

Among those attending the opening ceremony were Chinese Vice- Foreign Minister Tian Zengpei and Ukrainian Vice-Foreign Minister N.P. Makarevych.

China and Ukraine established diplomatic relations on January 4, 1992.

Hu Jintao, Turkmenistan Delegation Discuss Ties

OW0612115593 Beijing XINHUA in English 1037 GMT 6 Dec 93

[Text] Beijing, December 6 (XINHUA)—Hu Jintao, a Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, had

a 40-minute discussion here today with a delegation from the Turkmenistan Democratic Party (PTDP) on further improving bilateral ties.

The delegation, led by PTDP's First Secretary Onjik Musaev, arrived here on Sunday [3 December] to begin its first ever visit abroad.

Hu reaffirmed China's desire to further its friendly ties with Turkmenistan under the Five Principles of Peaceful Coexistence.

He expressed his belief that further development of party relations on the basis of independence, equality, mutual respect, and non-interference in each other's internal affairs is of great importance for enhancing understanding and friendship and promoting bilateral relations.

Musaev said that the aim of his delegation's China tour is to strengthen the relations between the two parties and the two countries.

Musaev added that Turkmenistan and China have similarities in many aspects where the two sides can have cooperation.

Yesterday, Musaev discussed party relations with Li Shuzheng, head of the International Liaison Department of the CPC Central Committee.

Jilin Receives Volgograd Oblast Delegation

SK0612100993 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 4 Dec 93

[Text] At the invitation of the Jilin provincial government, a five-member delegation from the administrative office of Russia's Volgograd Oblast headed by (Chidolianko Vasilyevich), deputy administrative head of the oblast, came to the province for a friendly visit. It signed a protocol with the province on the establishment of friendly ties between the province and the oblast and discussed the intention of expanding their cooperation.

When the delegation arrived in Beijing on 4 December, Vice Governor Liu Xilin met with and hosted a banquet in honor of all the members of the delegation in Beijing. Both sides held friendly talks. The delegation arrived in Changchun the same day. That afternoon, Vice Governor Wei Minxue held a discussion with the delegation. Vice Governor Wei Minxue extended a warm welcome to the delegation on behalf of the provincial government. Both sides reviewed the friendly exchanges between the province and the oblast, introduced their respective situations, and discussed their specific intentions on economic cooperation and trade development. After the discussion, Vice Governor Wei Minxue held a banquet for the delegation at the Nanhu Guesthouse.

Russia's Shokhin on Increasing Arms Sales

OW0112002393 Beijing XINHUA in English 0005 GMT 1 Dec 93

[Text] Moscow, November 30 (XINHUA)—Russia plans to earn about nine billion U.S. dollars from arms sales annually, Deputy Prime Minister Aleksandr Shokhin said today.

He told a news conference here that Russia, one of the largest arms-sale countries in the world, earned 2.3 billion dollars from arms sales in 1992.

"It is hardly sensible to turn away from this source of income which helps solve numerous problems facing the country," Shokhin said.

He stressed that Russian arms exports are not politically motivated but are purely commercial in nature and are not directed against the interests of any country.

Russia is now orientating its arms sales towards financially and politically stable Middle East, Latin American and Southeast Asian countries, the deputy prime minister said.

He said that the privatization process underway in Russia, including the sell-off of military enterprises, will not impair state control over the arms export.

He told reporters that Russia had set up a special system of control over its arms sales, and control is now being further tightened.

Southeast Asia & Pacific

Beijing Receives Visiting Lao Prime Minister

Li Peng Meets Prime Minister

OW0312144293 Beijing XINHUA in English 1425 GMT 3 Dec 93

[Text] Beijing, December 3 (XINHUA)—Chinese Premier Li Peng and visiting Laotian Prime Minister Khamtai Siphandon held talks on bilateral relations and international issue here today at the Great Hall of the People.

They signed a treaty on regulations for Sino-Lao border issues. A Sino-Lao agreement on highway transport was also signed.

Li, citing the visit as an important event in China-Laos relations, said that bilateral ties had been developing smoothly in recent years and the close contacts between the leaders of the two countries had helped deepen mutual understanding and trust.

Encouraging progress had been made in economic and trade relations, Li told Khamtai, who is also president of the Central Committee of the Lao People's Revolutionary Party.

Li Peng said that what was more noteworthy was that in a comparatively short time the two countries satisfactorily solved the border problems left from history, through friendly consultation.

The two governments signed the treaty of rules and regulations on Sino-Laos border issues this afternoon.

Li said the treaty guarantees the peace, tranquillity and harmony of the boundary in legal terms and laid firmer foundations for the enhancement of good-neighborly and friendly bilateral ties.

The solution of the border issues exemplifies the mutual trust and the fruitfulness of bilateral cooperation, Li said.

The Chinese premier noted that China takes a positive view towards developing overall cooperative ties with Laos, expressing the hope that relevant departments of the two countries will consult to explore ways and areas of cooperation.

China will encourage Chinese industrialists to cooperate with Laotian enterprises on the basis of equality and mutual benefit, Li said.

On international issues, Li reiterated China's stand on creating just and rational international economic and political order.

He said that to preserve peace and stability in the Asia-Pacific region is conducive to the development of all countries in the region.

China will take an active part in promoting regional economic cooperation on the basis of equality and mutual benefit, Li said. He added that it is an important part of Chinese foreign policy to strengthen ties with Asia-Pacific countries, especially with neighboring countries.

Khamtai briefed Li on the results of reform and opening up of Laos.

Briefing Khamtai on the Chinese situation, Li said Deng Xiaoping's speeches during his 1992 tour of south China, and the 14th Congress of the Communist Party of China showed that China's reform and opening up as well as economic construction entered a new phase.

The 14th congress promulgated that China will strive to create a socialist market system and the third plenary session again adopted a decision which specified the policy issues concerned and can serve as basic framework for China's reform in the future.

Khamtai said his current visit to China was of great importance for it came at a time when the bilateral ties had achieved comprehensive development.

Khamtai expressed the hope that the two sides can expand co- operation in the fields of economy, science and technology, culture and education.

He invited Premier Li for another visit to Laos at a convenient time, and the Chinese premier indicated that he would gladly pay another visit to Laos when there was an opportunity.

After the meeting, the two premiers signed a treaty of rules and regulations on Sino-Lao border issues and participated in the signing ceremony of a Sino-Lao highway transportation agreement.

Khamtai and his party arrived in Beijing at noon today for an official good-will visit to China at the invitation of Premier li.

Li presided over a welcome ceremony for Khamtai this afternoon and hosted a banquet for Khamtai and his party. Li's wife Zhu Lin and Chinese Vice Premier Li Lanqing attended the banquet.

Jiang Zemin Meets Visitor

CM0612144093 Beijing XINHUA Domestic Service in Chinese 1400 GMT 4 Dec

[Text] Beijing, 4 Dec (XINHUA)—President Jiang Zemin, general secretary of the Chinese Communist Party (CPC) Central Committee, had a cordial, friendly talk here this evening with Laos Prime Minister Khamtai Siphandon, president of the Lao People's Revolutionary Party (LPRP) Central Committee, on furthering Sino-Lao ties.

Jiang said that it is beneficial for leaders of the two parties and the two countries to frequently exchange views on important issues of common concern in the current international situation of complexity and changes.

Jiang held that Sino-Lao friendly relations of cooperation would be further consolidated and strengthened by the Lao premier's visit.

China and Laos are friendly neighbors, Jiang noted, adding that the two peoples have forged profound friendship through mutual sympathy and support.

Jiang said that the two countries had made new progress in their cooperation in politics, economy, and science and technology in recent years.

"We are all adopting policies of putting the emphasis on economic development and opening to the outside world," Jiang said, pointing out that it is very necessary to strengthen cooperation between the two parties and the two countries. He said that he had ample confidence in the future development of the two countries' relations.

After listening to Khamtai's briefing on Laos' domestic and foreign policies and its economic situation, Jiang praised the LPRP and the Lao Government for adhering to the country's six fundamental principles and following a line of all-around reform at home and fostering friendly ties with all countries.

Jiang described these policies as being suited to the Lao conditions. They had accelerated the process of Laos' socialist construction. Jiang Zemin expressed his great admiration, saying that he heartily rejoiced at the success which the Lao party and government had achieved in leading the people in building their country.

Jiang also briefed the guest on China's drive to establish a system of socialist market economy.

Khamtai, who paid his first visit to China in 1959, told Jiang that he has noticed that great changes have taken place in China since then, with political stability, fast-growing economy, and improved living conditions for the people.

Khamtai said that the purpose of his visit was to push forward the comprehensive cooperation between the two

countries. He said that the Lao party and government attached great importance to their relations with China, and maintained that relations between the two countries should be strengthened.

Khamtai expressed the hope that the two sides would act together to lift bilateral cooperative relations to a new stage.

Prime Minister Khamtai and his party are scheduled to leave Beijing tomorrow for Yantai city in Shandong for a visit.

Khamtai Siphandon Gives Interview

BK0612123193 Beijing China Radio International in Lao 1230 GMT 5 Dec 93

[Interview with Khamtai Siphandon, prime minister of the Lao People's Democratic Republic, by an unidentified reporter in Bejing on 4 December—recorded]

[Text] [Reporter] How are you, Comrade Mr. Prime Minister? First, we would like to express our profound thanks to you, Comrade Mr. Prime Minister, for sparing your precious time to give an interview to us. In recent years, the Lao People's Democratic Republic [LPDR] has continuously carried out the cause of restructuring. We would like to take this opportunity to ask you, Comrade Mr. Prime Minister, to discuss the situation in this regard.

[Khamtai Siphandon] First, I would like to express my overwhelmingly positive feeling after having an opportunity to pay another visit to the PRC. At the same time, I would like to express my sincere thanks to Comrade Premier Li Peng for extending the invitation to me, and to the PRC Government and fraternal Chinese people for according me an honorable, warm, and intimate welcome. My visit to the PRC this time comes at a time when the relations of friendship and cooperation between the two countries, Laos and China, are being gradually developed and broadened in all fields with excellent results. As for our country, the cause of restructuring has been actively carried out. I think that many aspects of this process are also similar to those evolving in your country. As for us, the restructuring is aimed at upgrading and perfecting the people's democratic regime, increasing the unity among our people under the party leadership, enhancing the strength and usefulness of all economic sectors, strengthening the production forces, transforming the natural economy into the market economy, and improving the material and cultural life of our people. In brief, it is aimed at gradually building Laos into a rich and strong country. To attain the aforementioned goals, we have firmly adhered to the view that the restructuring must be based on the ensuring of social and political stability and correctly carried out along the party's direction and principles. The restructuring must be carried out in a comprehensive, complete, and timely manner in conformity with the reality and actual conditions. Lessons must be simultaneously drawn while the restructuring is being implemented. The restructuring must be carried out with a sense of enhancing the potentials in the country, coupled with the utilization of the external potentials and favorable conditions. Through the implementation of such a policy, in the past recent years our economy has been developed at a more rapid pace than before, and the living conditions of our people, cadres, and state employees have been improved and upgraded. In addition, the people's faith in the new regime and the party has become ever more profound.

[Reporter] We would like you, Conmrade Mr. Prime Minister, to tell us what is your impression of the PRC during your visit this time?

[Khamtai Siphandon] In 1991 I paid a visit to the PRC. Two years have passed since then. During this period, I have witnessed many visible changes that have profoundly impressed me. The 14th Congress of the Communist Party of China [CPC], which was concluded with a brilliant success, reviewed and assessed the reforms conducted over the past 10 years, and outlined a direction for the years to come. Of this, the most important thing is that China has pledged to firmly adhere to the socialist path and to build socialism along its specific characteritics by linking it with the open-door policy. I have the impression that the implementation of the resolutions adopted at the 14th CPC Congress as well as the reforms and the open-door policies of China have been very successful, thereby enabling the socialist system in this country to make deeper roots with every passing day. The PRC is developing with rapid steps, while its domestic potentials have been exploited and actively enhanced for national development and construction. The Chinese people have maintained strong unity and cohesion and enjoyed happiness. All of China's economic sectors have been correctly utilized, while the CPC leadership has been bolstered. While the socioeconomic development has been rapidly carried out in China, the Chinese people have also come to enjoy a better life and have developed ever stronger faith in and closer ties with the party. I am fully convinced that with the correct policy of the party and the dedication and creativity of the people, China will be developed in all fields and will march into a new century with firm steps.

[Reporter] In conclusion, we would like you, Comrade Mr. Prime Minister, to describe your views on the future of the friendship and cooperation as good neighbors between the two countries, China and Laos.

[Khamtai Siphandon] As I said ealier, the relations of friendship and cooperation between Laos and China have been gradually developed to become more fruitful. This development has been achieved, thanks to the common ideals shared by our two countries, the tradition of mutual solidarity and assistance between the two peoples who also share weal and woe together, and the relations between the two countries which have been sincerely conducted on the basis of equality, brotherliness, and mutual benefits. I am very pleased with the success of this visit and believe that it will become an important encouragement for the further development of Lao-Chinese relations of friendship and cooperation in all fields. This means that the future of the relations between China and Laos will be brighter and more fruitful than before because they will be further

expanded and strengthened. Through Radio Beijing, I would like to extend my greetings and best wishes to all Chinese people. I wish every Chinese family happiness.

[Reporter] Thank you, Comrade Mr. Prime Minister.

Arrives in Shandong

SK0612083893 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Dec 93

[Text] On 5 December, the 24-member government delegation of Laos, headed by Khamtai Siphandon, president of the Central Committee of the Lao People's Revolutionary Party and prime minister of the Lao People's Democratic Republic, arrived in Yantai from Beijing by special plane, in the company of Zhang Xiaowen, vice minister of the State Education Commission, and his wife, as well as Huang Guocai, Chinese ambassador to Laos, and his wife.

Khamtai Siphandon and his entourage was paying a formal friendly visit to China on the invitation of Li Peng, premier of the State Council. Their tour of Yantai is primarily aimed at learning about Yantai's situation in reform and opening and exploring the possibility of conducting economic and trade cooperation with Yantai city.

On the morning of 5 December, Zhao Zhihao, governor of Shandong Province, and his wife, Zhang Huafu, mayor of Yantai city, and other pertinent leaders of the province and Yantai city made a special trip to Yantai's (Baishan) Airport to meet the distinguished guests of Laos.

These distinguished guests visited (Zhangyi) Brewery in Yantai, Yantai Economic and Technological Development Zone, the (Longfeng) Steel Company at the development zone, (Darun) Company, and (Hecheng) Iron Plant. That evening, Zhao Zhihao, Zhang Huafu, and other provincial and city leaders hosted a banquet to cordially entertain all members of the delegation.

PLA's Yu Yongbo Departs For Laos, Vietnam

OW2711064493 Beijing XINHUA in English 0614 GMT 27 Nov 93

[Text] Beijing, November 27, (XINHUA)—General Yu Yongbo, director of the General Political Department of the Chinese People's Liberation Army (PLA), and his party left here today on a goodwill visit to Laos and Vietnam.

Yu was invited by the General Political Department of the Lao People's Army and the General Political Department of the Vietnam People's Army.

Among those who saw him off at the airport were Lieutenant General Zhou Ziyu, deputy director of the PLA General Political Department, Lao Ambassador to China Dalaloi Ponmek, and Vietnamese Ambassador to China Dang Nghiem Hoang.

Meets Vietnamese Counterpart

OW0412173393 Beijing XINHUA in English 1532 GMT 4 Dec 93

[Text] Hanoi, December 4 (XINHUA)—General Yu Yongbo, director of the General Political Department of the Chinese People's Liberation Army, held talks here today with his Vietnamese counterpart Le Kha Phieu on exchanges of the two armies' political work.

Le, praising China for its great achievements in reforms, said the country was playing an important role in the Asian-Pacific region and the world.

Le added that Yu's visit to Vietnam would help strengthen the friendship and understandings between their armies and countries.

Yu said furthering the friendly and cooperative relationship between the two countries and their armies would help bring peace, stability and development to the region.

He pledged efforts to work together with the Vietnamese Army to promote such relationship.

Ding Guangen-Led CPC Group Leaves SRV for Laos

OW0612023693 Beijing XINHUA in English 0102 GMT 6 Dec 93

[Text] Hanoi, December 5 (XINHUA)—A delegation of the Communist Party of China (CPC) ended a week-long visit to Vietnam Sunday [5 December] and left Ho Chi Minh City for Laos.

The CPC delegation, headed by member of the CPC Political Bureau and the Central Committee Secretariat Ding Guangen, arrived here on November 29 at the invitation of the Communist Party of Vietnam.

Vietnamese Communist Party General Secretary Do Muoi met with the delegation on November 30 in Hanoi. The Chinese visitors continued on to Ho Chi Minh City on December 1.

Singapore's Lee Yuan Yew Ends Visit to Hainan

OW0212140293 Beijing XINHUA in English 1324 GMT 2 Dec 93

[Text] Haikou, December 2 (XINHUA)—Singaporean Senior Minister Lee Kuan Yew left here today for home, ending his visit to Hainan Island, China's youngest province and largest special economic zone.

The former Singaporean prime minister, invited by Hainan provincial Governor Ruan Chongwu, was here to inspect the tourist industry and investment policies in the province.

This morning in Haikou, the capital of Hainan, Governor Ruan gave Lee an introduction to the infrastructures and investment environment in Hainan, urging Singaporean entrepreneurs to take part in Hainan's construction.

He listened to reports given by experts about the general development plan of Haikou and the new airport construction blueprint, as well as the status of the financial industry in Hainan.

Lee suggested Hainan give priority to developing industries involving electrical and new and high technologies, as

Singapore has done. He also said that Hainan is a suitable place for the development of tourism.

Lee also toured Sanya, a scenic spot of Hainan, where he was briefed on a package plan for Hainan's tourism industry and Sanya's in particular.

He then visited a travel and vacation village in Sanya Bay in which Singapore has invested.

State Provides Locomotives, Equipment to Burma

OW0312093493 Beijing XINHUA in English 0856 GMT 3 Dec 93

[Text] Yangon [Rangoon], December 3 (XINHUA)—The first batch of Chinese locomotives and coaches was officially handed over to Myanmar [Burma] today at the Yangon Railway Station.

The items provided to the Myanmar railways for transportation included six diesel locomotives, two upper-class coaches and two ordinary coaches.

Present at the hand-over ceremony were adviser of Myanmar rail transportation U Kyaw Myint, Managing Director of Myanmar Railways U Aung Theig [names as received], head of the Chinese railway delegation and Managing Director of Sifang Locomotive and Rolling Stock Works Qi Wen.

Under a contract, China's Yunnan Machinery and Equipment Import and Export Corporation (YMEC) and Huaxia Company have provided a loan of 20 million U.S. dollars to Myanmar railways for purchasing from China six locomotives, two upper-class passenger coaches, two ordinary-class passenger coaches and nineteen passenger coaches, as well as rails, spare parts and signalling equipments.

Burma To Buy More Equipment

OW0312111893 Beijing XINHUA in English 1033 GMT 3 Dec 93

[Text] Yangon [Rangoon], December 3 (XINHUA)—Myanmar [Burma] and China signed a contract here today for Myanmar to purchase 30 million U.S. dollars worth of railway equipments from China.

Under the contract, the Myanmar railways will purchase from China locomotives, coaches and spare parts.

This is the second contract for exporting Chinese locomotives and coaches to Myanmar.

The contract was signed by U Aung Thein [name as received], managing director of Myanmar railways and Lin Zaiyou, general manager of Yunnan Machinery and Equipment Import and Export Corporation of China.

Myanmar Minister for Rail Transportation U Win Sein, Vice General-Secretary of Yunnan Province Government Yang Chongyong [name and title as received] and Chinese Economic and Commercial Counsellor Chen Shijie were present at the signing ceremony.

Near East & South Asia

Beijing Receives Pakistan Defense Minister

Chi Haotian Meets Minister

BK0412150093 Islamabad PTV Television Network in English 1400 GMT 4 Dec 93

[Text] The federal minister for defense, Mr. Aftab Shaban Mirani, now visiting China, has held talks with his Chinese counterpart, General Chi Haotian and other senior Chinese officials in Beijing. The two sides discussed in detail issues regarding defense-related fields. Ongoing cooperation between the two countries and ways and means to enhance further collaboration in the field of defense were discussed during the meeting.

Mr. Mirani also called on the vice chairman of the Central Commission of China, General Liu Huaqing.

Discusses Cooperation

BK0512045893 Islamabad Radio Pakistan Network in Urdu 0200 GMT 5 Dec 93

[Text] Defense Minister Aftab Shaban Mirani, currently on a four-day visit to China, held talks with his Chinese counterpart, Chi Haotian, in Beijing yesterday. They discussed ways and means to further increase the existing bilateral cooperation and interaction in the defense field. The Pakistani minister also met with General Liu Huaqing, vice chairman of the PRC Central Military Commission.

Li Peng Meets Minister

OW0612092093 Beijing XINHUA in English 0850 GMT 6 Dec 93

[Text] Beijing, December 6 (XINHUA)—Chinese Premier Li Peng said here today that China is looking forward to Pakistani Prime Minister Benazir Bhutto's coming visit to China late this month.

Li said that he will exchange views with the Pakistani prime minister on promotion of bilateral relations and on international and regional issues of major importance.

The Chinese premier revealed this when meeting with Aftab Shaban Mirani, visiting defense minister of Pakistan, here today.

Li said that despite changes around the world and in both countries, the friendship between China and Pakistan has enjoyed constant consolidation and development.

The Chinese Government treasures the friendly cooperation with Pakistan, Li said, and China and Pakistan are neighbors and both developing countries. Therefore, he said, he has every reason to believe that bilateral cooperation in various fields will further be strengthened.

Mirani, who accompanied Benazir Bhutto on her 1989 China visit, is the first cabinet member of the new Pakistani Government to visit China.

Extending a warm welcome to the defense minister on his current visit, Li said that the Armed Forces of China and Pakistan have always enjoyed friendly exchanges and he hopes that such ties will continue to develop.

Li also expressed his thanks for the Pakistani Government's warm and friendly reception of Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), who is currently visiting Pakistan.

During the meeting, Mirani conveyed Bhutto's regards to the Chinese premier and Li asked the defense minister to give Bhutto his regards.

For decades, the two peoples have trusted and supported each other and bilateral relations have progressed smoothly, the minister said, adding that the Pakistani Government hopes that such relations will be further consolidated and developed.

Zhang Wannian Attends Pact Signing in Pakistan

OW0412173893 Beijing XINHUA in English 1537 GMT 4 Dec 93

[Text] Islamabad, December 4 (XINHUA)—China has agreed to provide credit facilities to Pakistan for the procurement of defense equipment.

An agreement in this regard was signed here today by a senior Pakistani Army officer and a member of the visiting Chinese delegation led by General Zhang Wannian, chief of General Staff of the People's Liberation Army of China.

General Zhang Wannian arrived in Pakistan on December 1 for a six-day official visit to the country.

Li Ruihuan Continues Visit to India, Pakistan

Meets Indian Prime Minister

OW0312150393 Beijing XINHUA in English 1439 GMT 3 Dec 93

[Text] New Delhi, December 3 (XINHUA)—Visiting Chairman of the 8th National Committee of the Chinese People's Political Consultative Conference (CPPCC) Li Ruihuan called on Indian Prime Minister P.V. Narasimha Rao here this afternoon.

During their meeting, both sides stressed the importance of furthering the Sino-Indian friendship and cooperation.

"I am very glad to meet you here, for your current visit to India will benefit the Indo-Chinese relations," Rao said.

In response, Li Ruihuan said," after meetings and exchanges of views with Indian parliamentary and government officials, I believe that China and India have many things in common. The friendship and cooperation between China and India have not only solid basis in India, but also have broad prospects."

The exchange of visits by the prime ministers of the two countries have brought about a new stage in the Sino-Indian relations," he added.

Rao said that he was very satisfied with his visit to China last September, for the two countries had signed many agreements which have paved the way for expanding cooperation in various fields between the two countries.

Friendly and close relations between the two countries will also contribute to peace in Asia and the world as a whole, Rao added. of the Asia- Pacific region than an artificial and overmechanical model.

Cites Deng's Comment on Ties

OW0412081893 Beijing XINHUA Domestic Service in Chinese 1542 GMT 3 Dec 93

[By reporters Li Jiasheng (2621 1367 5116) and Li Guorong (2621 0948 2837)]

[Text] New Delhi, 3 Dec (XINHUA)—Indian Prime Minister Rao had a meeting at his residence with visiting Li Ruihuan, chairman of the Chinese People's Political Consultative Conference National Committee. Both had a cordial and friendly conversation.

Rao said to Li Ruihuan: "I am very glad you visit us because this visit will benefit India as well as Indian-Chinese relations." Li Ruihuan said: "We met in Beijing over two months ago. You invited me to visit India at an early date so that we can meet again in New Delhi. Now this wish has become a reality."

Rao said that he was glad that the many accords which India and China signed during his visit to China last September have paved the way and created the atmosphere and conditions for broader bilateral cooperation in various areas.

He said: The expansion of friendly cooperation between India and China, the two largest developing countries in the world, will become an example for successful cooperation for the vast number of developing countries. Friendly and close Indian-Chinese relations will also contribute to Asian and world peace.

Li Ruihuan said: "As a result of my contacts and talks with leaders of the Indian parliament, government, and friendly groups, I am deeply convinced that China and India share many common views and there is a profound foundation and a broad and beautiful future for the development of Indian-Chinese friendship and cooperation."

He said: China and India are friendly neighbors and the peoples of the two countries have a long history of contacts. On the whole, the two countries' relations have been good, even though there had been twists and turns. The exchange of visit between Chinese and Indian prime ministers in recent years has created a new situation for the two countries' relations which have reached a new level.

Li Ruihuan said: The many problems and tasks we encounter today are similar, we have many things in common, we also share many common views on major international issues, and so there is ample reason for us to strengthen Sino-Indian friendship and cooperation. Just as Deng Xiaoping said, "China and India have the largest

populations, and our combined populations constitute more than one- third of the world population; and since we are also close neighbors, we cannot afford not to be friendly to one another." "The problems between China and India are not major ones. China poses no threat to India, and India poses no threat to China."

Li Ruihuan pointed out: Deng Xiaoping's remarks above serve as the Chinese Government's guiding principle for handling Sino-Indian relations. Not only are they in line with the wishes of Chinese and Indian peoples and the two countries' realities, but they are also in line with the trend of future development. In short, while China develops, it also hopes India will develop as well.

Li Ruihuan added: China and India can do a lot of things to strengthen their cooperation. With respect to expanding the two countries' economic cooperation and trade, the two countries may begin with those which are easier to accomplish. We should begin with those for which the conditions are ripe.

Li Ruihuan stressed: Giving full rein to our two countries' potential for broader cooperation in various spheres so that our good neighborly and friendly relations and cooperation can continue to develop not only is of utmost importance to our two countries, but also will contribute significantly to Asian and world peace.

Interviewed on Ties, U.S.

OW0412054993 Beijing XINHUA Domestic Service in Chinese 1521 GMT 3 Dec 93

[By reporters Li Jiasheng (2621 1367 5116) and Li Guorong (2621 0948 2837)]

[Text] New Delhi, 3 Dec (XINHUA)—During an interview with Indian journalists here this afternoon, Li Ruihuan, chairman of the Chinese People's Political Consultative Conference [CPPCC] Standing Committee, answered questions about Sino-Indian relations, the regional situation, and other international issues.

On Sino-Indian relations, Li Ruihuan said: China and India are the two biggest and most populous agricultural countries in the world, our situations are similar in many respects, and we are both concentrating our efforts on solving developmental problems. China and India are highly complementary economically, and we also do not compete with one another politically. We share identical or similar views on major international issues. In the current world situation, China and India should jointly exert efforts to establish a just and rational political and economic world order.

On Sino-U.S. relations, Li Ruihuan said: It is natural that China and the United States have differences, and dialogue on an equal footing is the right way to handle these differences. Recently President Jiang Zemin and President Clinton had a positive and constructive meeting and both sides maintained Sino-U.S. relations are very important. The meeting will serve as a new beginning in the two countries' relations.

In answering a question on the Kashmir issue, Li Ruihuan said: China keeping a close watch on the development of Indo-Pakistani relations. The Kashmir issue is a historical legacy and it is the main element obstructing the normalization of Indo-Pakistani relations. As a friend and good neighbor of India and Pakistan, China does not want to see any Indo-Pakistan confrontation. China sincerely hopes that India and Pakistan will negotiate patiently and solve their disputes in a peaceful manner.

On the nuclear issue, Li Ruihuan said: China has always exercised the utmost restraint on nuclear tests and the number of nuclear tests it has conducted is extremely limited. In this context, China believes in a complete ban and the total destruction of all nuclear weapons, and a ban on all nuclear tests.

Answering a question about the situation in the Asia-Pacific region, Li Ruihuan said: There should be open economic cooperation in the Asia-Pacific region, and the forms of cooperation should be flexible and diverse. Asia-Pacific economic cooperation should be based on the principle of mutual respect, equality, reciprocity, and a desire to seek common ground while preserving differences. A loose forum is more in line with the characteristics

Discusses India-Pakistan Ties

OW0312162393 Beijing XINHUA in English 1607 GMT 3 Dec 93

[Text] New Delhi, December 3 (XINHUA)—China and India should join hands in building a new world order, said Li Ruihuan, head of the Chinese People's Political Consultative Conference.

In an interview with Indian journalists here today before concluding his six-day visit to India, Li said that China and India are the two most populous agricultural countries in the world and they share many things in common.

The two countries, which have no competition politically and share common or similar views over major international issues, can help each other economically, Li said, adding that they should make joint efforts for building a just and reasonable new political and economic world order.

On the Kashmir issue, Li said that it is a legacy of history and China hopes that India and Pakistan can solve the issue through peaceful negotiations.

China does not want to see any confrontation between the two friends and good neighbors, Li said.

On the nuclear problem, he said that the number of China's nuclear tests is limited and China has exercised great restraint on the issue.

China stands for a complete ban and total elimination of the nuclear weapons and for banning all nuclear tests in this context, Li said.

On Sino-U.S. relations, he said that it is only natural for China and the United States to have differences.

But the right way to deal with the differences is dialog on equal footing and the recent positive and constructive meeting between Chinese President Jiang Zemin and U.S. President Bill Clinton marks a good beginning in Sino-U.S. relations, Li said.

Leaves India for Pakistan

OW0412050493 Beijing XINHUA in English 0446 GMT 4 Dec 93

[Text] New Delhi, December 4 (XINHUA)—Chairman of the 8th National Committee of the Chinese People's Political Consultative Conference (CPPCC) Li Ruihuan left here today for Pakistan after ending his six-day official goodwill visit to India.

A seeing-off ceremony was held in the President House where Li stayed in New Delhi. After the national anthems of the two countries were struck, Li reviewed a guard of honor.

During his visit here, Li Ruihuan met deputy chairperson of Rajya Sabha (Council of the States) Dr. Najma Heptulla, speaker of Lok Sabha (House of the Peoples) S. Patil, President of India S.D. Sharma and Prime Minister P.V. Narasimha Rao and exchanged views on bilateral relations, regional and world situations of mutual concern.

Both sides attached great importance to the furthering of friendship and cooperation between the two countries, for they maintained that this will not only benefit the two countries, but also will contribute to the peace and stability in Asia and the world as a whole.

XINHUA Replaces Item on Li Departing India

OW0412165793 Beijing XINHUA Domestic Service in Chinese 0611 GMT 4 Dec 93

[By reporters Li Jiasheng (2621 1367 5116) and Li Guorong (2621 0948 2837); Beijing XINHUA Domestic Service in Chinese at 1049 GMT on 4 December transmits a service message canceling the following item and asking that it be replaced with a version transmitted at 1049 GMT; differences between the two items are noted below]

[Text] New Delhi, 4 Dec (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, left here today for Pakistan by a special plane after satisfactorily ending his six-day official goodwill visit to India.

The Indian Government held a farewell ceremony in the south courtyard of the President's House. The presidential guards presented arms to salute Li Ruihuan. After the national anthems of the two countries were played, Li reviewed an honor guard. [the variant version omits this paragraph]

Among those who saw him off at the airport were Heptulla, deputy chairperson of the Indian Council of States, and Dixit, Foreign Ministry foreign secretary. Cheng Ruisheng, Chinese ambassador to India, also saw him off at the airport.

During his visit here, Li Ruihuan met with the deputy chairperson of the Council of States, the speaker of the House of the People, the president, and the prime minister. Both sides reached the following consensus through meetings and exchanging views: China and India should strengthen cooperation and exchanges. This is not only in keeping with the two countries' interests but also is conducive to peace and stability in Asia and the world. [the variant version adds the following three paragraphs]

On his way to Pakistan, Li Ruihuan sent a telegram to Heptulla, deputy chairperson of the Indian Council of States, expressing his gratitude for India's warm and friendly hospitality.

In the telegram, he said: During the past few days, we experienced your people's deep friendly sentiments and witnessed your heartening achievements in national construction undertakings. India's long-standing and splendid culture also provided us with happy memories.

He said he believed that the friendly and cooperative relations between China and India in every field would continue to be consolidated and to develop.

Li Arrives in Islamabad

OW0412074693 Beijing XINHUA in English 0718 GMT 4 Dec 93

[Text] Islamabad, December 4 (XINHUA)—Chinese leader Li Ruihuan flew here this morning from New Delhi on the last leg of his three-nation tour of Nepal, India and Pakistan in South Asia.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), is paying a five-day official visit to Pakistan at the invitation of Pakistan Senate Chairman Wasim Sajjad.

He was greeted at the Islamabad International Airport by Wasim Sajjad, Pakistan federal ministers, parliamentarians and Chinese Ambassador to Pakistan Zhou Gang.

This is the first ever official visit of the CPPCC chairman to Pakistan.

During his stay in Pakistan, Li Ruihuan, also member of the Standing Committee of Political Bureau of the Communist Party of China, will call on Pakistan President Farooq Leghari, Prime Minister Benazir Bhutto, Senate Chairman Wasim Sajjad and Speaker Yousaf Gillani.

The Chinese leader will also visit Lahore and Karachi.

Delivers Statement at Airport

OW0412144193 Beijing XINHUA in English 1410 GMT 4 Dec 93

[Text] Islamabad, December 4 (XINHUA)—A Chinese leader said here today that it is the firm policy of the Chinese Government to strengthen China's friendly relations and cooperation with Pakistan.

The remarks was made by Li Ruihuan, chairman of the National Committee of the Chinese People's Political

Consultative Conference (CPPCC), upon his arrival at the Islamabad International Airport for his five-day official visit to Pakistan.

In a written statement issued at the airport, Li said "our friendship and cooperation not only serve our two countries and two peoples, but also contribute to peace and stability in this region and Asia at large."

The friendship between China and Pakistan goes back to ancient times, he said, over the forty years and more since the establishment of diplomatic relations.

The friendly relations and cooperation between the two countries in the political, economic, trade, scientific and technological, and cultural fields have developed steadily and fruitfully, he said.

The Chinese leader, also member of the Standing Committee of Political Bureau of the Communist Party of China, said he is confident that this visit will help promote the existing good relations between China's National Committee of the CPPCC and the Pakistani Senate and the friendship between the two peoples.

The visit also will facilitate the consolidation and development of the friendly relations and cooperation between the two countries, he added.

During his stay in Pakistan, Li will call on Pakistan President Farooq Leghari, Prime Minister Benazir Bhutto, Senate Chairman Wasim Sajjad and Speaker Yousaf Gillani.

Meets Senate Chairman

OW0412185393 Beijing XINHUA in English 1825 GMT 4 Dec 93

[Text] Islamabad, December 4 (XINHUA)—Visiting Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) Li Ruihuan met with Pakistan Senate Chairman Wasim Sajjad here today.

During their meeting, Wasim said Pakistan is particularly happy that CPPCC chairman is for the first time visiting Pakistan.

He said Pak-China friendship has stood the test of time and has become a model for other countries in inter-state relations.

Pakistan Senate has always maintained close cooperation with CPPCC, he said.

Wasim told the Chinese leader that a new government was formed recently in Pakistan through general elections, but whoever comes to power, the friendship between Pakistan and China is binding and will never change.

Meanwhile, Li expressed his satisfaction at the friendly bilateral relations between the two neighbors.

Later at a banquet in honor of him by Wasim Sajjad, Li assured that China will always be Pakistan's trustworthy friend in promoting peace and stability both in the region and world, and in working for national development and social progress.

"Our two countries have conducted long-standing, extensive and effective cooperation in the economic, cultural and other fields," he said. "In international affairs, we have all along sympathized with, trusted and supported each other."

Speaking on the same occasion, Wasim said Li's visit to Pakistan would go a long way in enhancing cooperation between the two countries and particularly between the Senate of Pakistan and the CPPCC.

"Our discussions today have shown that Pakistan and China have identical views on major global and regional issues," he said, "our two countries share a strong desire to further develop our existing bilateral cooperation and to work together for strengthening peace and stability in Asia."

The Chinese leader arrived here today on a five-day official visit to Pakistan at the invitation of Wasim Sajjad.

Addresses Banquet in Evening

OW0412183093 Beijing XINHUA in English 1811 GMT 4 Dec 93

[Text] Islamabad, December 4 (XINHUA)—A visiting Chinese leader said here today that China will, as always, support regional cooperation of South Asia and all the efforts that serve peace, stability and prosperity in the region.

Speaking at the banquet in his honor by Pakistan Senate Chairman Wasim Sajjad this evening, Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said China treasures the traditional friendship with South Asian countries and attaches importance to developing a relationship of equality and mutual benefit with all countries in this region.

He expressed the hope that South Asian countries will properly solve problems in their bilateral relations, if any, through friendly negotiations and, on the basis of the Five Principles of Peaceful Coexistence, treat each other as equals, live in harmony, carry out mutually beneficial cooperation and achieve common progress.

Li, who flew here today after concluding his visit to Nepal and India, said China and South Asian countries experienced the same sufferings in the past and are now all faced with the arduous task of developing economy and improving people's living standards.

He expressed his confidence that South Asian peoples will overcome difficulties on their way ahead and that the South Asia subcontinent will continue to be a land of hope and vitality.

Li, the first CPPCC chairman to visit the three South Asian countries, came here at the invitation of Pakistan Senate Chairman Wasim Sajjad on a five-day official visit.

Meets Assembly Speaker

OW0512110493 Beijing XINHUA in English 1046 GMT 5 Dec 93

[Text] Islamabad, December 5 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met Pakistan National Assembly Speaker Yousaf Gillani here today.

During the meeting, Li Ruihuan said China and Pakistan enjoy common understanding and mutual interest in important international issues and have a great prospect for cooperation.

The frequent exchange of visits between the National People's Congress of China and Pakistan's National Assembly, the CPPCC and Pakistan Senate have in recent years played an important role in promoting the development of bilateral relations between the two countries.

Li said China always strives for democracy, but democracy depends on different situations in various countries. Since conditions in various countries are different, democratic systems are also different, he added.

He said while China has chosen its own ways and practice as far as democracy is concerned, it also respects the choice of other countries.

To infringe one democratic model on others itself is against democracy, he said.

In reply, Gillani said the friendship between the two countries and the two peoples are time-tested.

"We consider China as the most reliable friend," he said, adding "under the new situation, Pakistan hopes the bilateral relations between the two countries will be promoted to a new height."

He expressed the confidence that Li's visit will enhance the understanding and friendship and further promote the mutually beneficial cooperation in various fields between Pakistan and China.

Sees President Farooq Leghari

OW0612020393 Beijing XINHUA Domestic Service in Chinese 1736 GMT 5 Dec 93

[By reporter Hu Xiaoming (5170 0879 2494)]

[Text] Islamabad, 5 Dec (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, today paid an official call to new Pakistani President Farooq Leghari and had a cordial and friendly conversation with him.

Li Ruihuan extended his congratulations to Leghari on becoming president of Pakistan and conveyed Chinese President Jiang Zemin's cordial regards to him.

Li Ruihuan said: China and Pakistan have always treated each other equally, have had friendly cooperation, and have supported and cooperated with each other in international affairs. Sino-Pakistani friendship has endured the test of time and has taken deep root in the hearts of the people of the two countries. I have met the chairman of the Pakistani Senate and the speaker of the Pakistani National Assembly, and many other friends here, and I feel deeply that the foundation of our friendship is firm. China and Pakistan are tested friends; our friendship is won in a hard way. We should, therefore, highly treasure this friendship and continue to develop it.

Li Ruihuan said: Peace and stability are connected to development and prosperity and they are the condition for achieving them. Peace and stability are the prerequisites for development; without peace and stability, we will be unable to concentrate on economic construction, and it will therefore be difficult to achieve development and prosperity. In dealing with all international affairs, China sets its eyes on global and regional peace and stability and gives primary consideration to the contribution it can make to preserving peace and stability. We have always maintained that the constantly developing Sino-Pakistani friendship is a positive factor for realizing peace and stability in South Asia.

During the meeting, Leghari said: Over the years, Sino-Pakistani relations have continued to develop on the basis of the Five Principles of Peaceful Coexistence. China has provided aid to Pakistan without attaching conditions and has constructed several important projects in Pakistan. Pakistani people are very grateful for this. The Pakistani Government attaches importance to Chairman Li's visit to Pakistan and I believe the visit will further deepen mutual understanding and friendship between Pakistan and China and will promote cooperation in a wide area between the two countries.

Li Ruihuan said: China has provided some aid to Pakistan. But this aid was reciprocal; Pakistan has supported China in many ways. As always, China will do everything it can to continue to provide aid to Pakistan. Further developing Sino-Pakistani friendship is an established policy of China. Chinese leaders of the new generation with Jiang Zemin, as their nucleus, all hope to further develop Sino-Pakistani friendship, which was established by leaders of the older generation.

After the meeting at the Presidential Office, Leghari hosted a dinner in honor of Li Ruihuan and his party.

Further on Li-Leghari Talks

OW0512183493 Beijing XINHUA in English 1745 GMT 5 Dec 93

[Text] Islamabad, December 5 (XINHUA)—Visiting Chinese leader Li Ruihuan called on Pakistan President Farooq Leghari at the presidential palace here this evening.

Briefing the newsmen, a Chinese delegation spokesman said the talks are "friendly and cordial".

During the meeting, Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said China and Pakistan always

treat each other as equals and have good cooperation, especially in international affairs.

Li said he has personally experienced, through the visit, the time-tested friendship between China and Pakistan, which is deep- rooted among the two peoples.

"We treasure such friendship and are quite confident that it will further develop under the new international situation," he said.

Li said the consistently developing Pak-China friendship is a positive factor in promoting peace and stability in South Asia.

He stressed that without a peaceful and stable atmosphere, a country can never concentrate on economic construction and achieve the goal of development and prosperity.

During the talks, Pakistan President Farooq Leghari expressed his thanks to China for its assistance to Pakistan over the years.

Leghari said the bilateral relations between Pakistan and China, which are based on the Five Principles of Peaceful Co-existence, are developing very smoothly.

He is confident that CPPCC chairman's current visit will enhance mutual understanding and friendship between the two countries and further promote cooperation in various fields.

Later, President Leghari gave a dinner in honor of the CPPCC chairman and the delegation he led at the presidential palace.

Li Meets Benazir Bhutto

OW0612145793 Beijing XINHUA in English 1403 GMT 6 Dec 93

[Text] Islamabad, December 6 (XINHUA)—No matter how the world changes, Chinese people will always stand by the Pakistani people, said visiting Chinese leader Li Ruihuan in a meeting with Prime Minister Benazir Bhutto here this afternoon.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), told Benazir that Chinese Premier Li Peng is expecting her coming visit to China.

"China attaches great importance to China-Pakistan relations and considers it as a corner stone of its good-neighborly diplomacy and a model of state-to-state relations based on the Five Principles of Peaceful Co-existence," he said.

He said the strengthening Sino-Pak relations is not only in the interests of the two peoples, but also in the interests of South Asia. "It will also contribute to peace and stability in Asia as a whole," he added.

Li said China will never forget Zulfiqar Ali Bhutto, Benazir's father who had contributed a lot to the development of the friendship between China and Pakistan.

He said that traditional friendship between the two countries will be carried on by the third generation of Chinese leadership with Chinese President Jiang Zemin at its core.

During the meeting, Benazir said to further strengthen Pak-China friendship is the corner stone of Pakistan's foreign policy.

"The Chinese people is a reliable friend of Pakistani people," she said, adding "as prime minister, I'll spare no effort to promote the friendship between the two countries."

She said her visit to China later this month is expected to explore ways and means to expand cooperation between the two countries.

Beijing Radio Delegation Visits Nepalese Station

OW0312080193 Beijing XINHUA in English 0602 GMT 3 Dec 93

[Text] Katmandu, December 3 (XINHUA)—China has expressed its willingness to extend its help to Radio Nepal short wave transmissions, it is learnt here today.

Discussions on possible cooperation from China to this effect were held on Thursday [2 December] between the visiting China Radio International delegation and Radio Nepal.

During the discussions, a verbal agreement was reached on exchange of music programs and visits by personnel of Radio Nepal and China Radio International. Chinese radio delegation head Xu Yongsheng, deputy director of China Radio International, told XINHUA at the airport before leaving for India this morning.

Prime Minister Girija Prasad Koirala met with the delegation at his office and had a cordial talk with them on Tuesday.

The five-member delegation arrived here on November 28 for a friendly visit at the invitation of Nepal Radio.

Latin America & Caribbean

Uruguayan President 'Satisfied' With Visit

OW0412122593 Beijing XINHUA in English 1136 GMT 4 Dec 93

[Text] Beijing, December 4 (XINHUA)—Visiting Uruguayan President Luis Alberto LaCalle Herrera said here today that he was satisfied with his state visit to China.

During an interview with XINHUA at the state guesthouse here, LaCalle said that during the visit, the two governments found much in common. Both agreed that the best way to conduct state-to-state contacts is to develop trade and eliminate trade protectionism, according to the president.

He said the Uruguay Round of GATT talks should further promote open trade.

The visit has enabled Uruguayan entrepreneurs to establish relations with their Chinese partners, he said.

LaCalle said Uruguay and China have very good trade relations. The annual volume of Uruguay's exports, mostly wool, to China is estimated to be nearly 100 million U.S. dollars, he said.

But, he said, it is the Uruguay's hope that the two sides should conduct varied forms of cooperation so as to enrich bilateral economic and trade relations.

LaCalle said Uruguay has geographical advantages in the southern common market and hopes to develop trade with countries all over the world.

Meanwhile, he said, Uruguay hopes to deepen its relations with China by the establishment of joint ventures, technological transfers and the realization of industrialization.

He noted that during the visit the two sides signed a number of agreements.

The Bank of China is ready to establish a branch in Uruguay, the only one so far in South America, he said.

Entrepreneurs from the two countries also reached cooperative agreements, he said. They plan to set up joint ventures in motor assembling, family-use electrical apparatus and bean oil.

These show that relations between the two countries will become more varied and prospects of their economic and trade relations are bright.

He said China is playing a more and more important role in the international arena.

Referring to his impressions of southern Chinese cities, LaCalle said China's reform and opening to the outside world was a correct decision made by Deng Xiaoping. The policy has brought growing foreign investment in the country, prosperity to Shenzhen and other places, he said.

Departs for Home

OW0512021293 Beijing XINHUA in English 0116 GMT 5 Dec 93

[Text] Beijing, December 5 (XINHUA)—Uruguayan President Luis Alberto LaCalle Herrera, Mrs. LaCalle and their party left here by air for home via Hong Kong after a week-long state visit to China.

Among those who saw the Uruguayan president off at the airport were Gao Zhanxiang, chairman of the Chinese Government Reception Committee and vice-minister of culture, and his wife, Ambassador to Uruguay Xie Rumao, Uruguayan Ambassador to China Julio Duranona and several Beijing-based diplomatic envoys from Latin America.

Beijing, Montevideo Issue Joint Press Communique

OW0512021193 Beijing XINHUA in English 0151 GMT 5 Dec 93

[Text] Beijing, December 5 (XINHUA)—China and Uruguay, in a joint press communique, urged all signatories to the General Agreement on Tariffs and Trade (GATT) to spare no efforts to reach a fair agreement and complete the Uruguay Round of GATT talks within this year.

The press communique was issued here today at the end of Uruguayan President Luis Alberto LaCalle Herrera's China visit.

The Uruguayan president paid a state visit to China from November 29 to December 5 at the invitation of Chinese President Jiang Zemin.

The communique said that President LaCalle and President Jiang held talks and exchanged views extensively on the world situation, international issues of common concern and furthering bilateral relations.

President LaCalle also met with Chinese Premier Li Peng and held cordial and friendly talks with him.

According to the communique, talks between the two heads of state covered the global political and economic situations, reform of the United Nations, the Middle East peace process, regional situation in Asia and Latin America, South-South co-operation, the trend towards forming regional blocs and the southern common market.

The two sides shared identical or similar views and positions on many issues, it said.

In the communique the presidents said that all signatory parties of GATT should make joint efforts to lay a sound basis for reaching a fair trade agreement and complete the Uruguay Round of GATT talks within this year.

The Uruguayan side reiterated its support for the restoration of China's signatory status in GATT, which the Chinese side appreciated, the communique said.

It noted that the heads of state also discussed the current state of bilateral ties, two-way trade in particular.

The presidents affirmed that the two governments would adopt measures to promote and diversify trade as well as investment in each other's countries, the communique said.

It said that the Uruguayan side reiterated the content in its entirety of the communique on the establishment of the Sino- Uruguayan diplomatic ties signed on February 3, 1988. China appreciated Uruguay's adherence to its stand of "one China" policy.

LaCalle's visit maintained the continuity of the high-level exchanges between the two governments, the communique said, adding that the two countries signed a number of accords in political and economic fields and on technological co-operation during his China visit.

According to the document, the agreement on mutual exemption of visas would extend the applicable range of the previous relevant agreement, signed on November 7, 1988.

The communique said that the agreement on encouraging and mutually protecting investment would provide favorable conditions to tap the economic initiatives of investors.

In the communique, the Uruguayan side showed interest in launching a special project of technical exchange in sheep farming and wool processing. The Chinese side expressed its wiliingness to give in-depth consideration to the proposal.

Political & Social

Deng's Son-in-Law Says Deng in 'Good Health'

HK0412031193 Hong Kong TA KUNG PAO in Chinese 4 Dec 93 p 1

[Report: "Wu Jianchang Says Deng Xiaoping Is in Good Health"]

[Text] Shenzhen, 3 Dec (TA KUNG PAO)—Wu Jianchang, vice president of China National Nonferrous Metals, said here today that Deng Xiaoping is in very good health and has been staying at home.

Wu Jianchang is Deng Xiaoping's son-in-law. When asked by reporters about Deng Xiaoping's physical condition while attending a ribbon-cutting ceremony in Shenzhen today, Wu, who had just come to Shenzhen from Beijing, said: Deng Xiaoping is in very good shape. He inspected the expressway of Shoudu [Capital] Airport lately. Though he is not as healthy as when he was young, he is in good health and free from illness. He has been staying at home.

Elders 'Challenge' Deng 'Personality Cult'

HK0412065393 Hong Kong SOUTH CHINA MORNING POST in English 4 Dec 93 p 1, 7

[By Willy Wo-lap Lam]

[Text] Conservative elders within the Chinese Communist Party have mounted a bold challenge to patriarch Deng Xiaoping by questioning the supremacy of "Deng Thought". Chinese sources said about a dozen members of the now-disbanded Central Advisory Commission (CAC) had written to the Politburo casting doubt on the probity of elevating Mr Deng to the same status as Mao Zedong, Marx and Lenin. The petition was made soon after the publication early last month of the third volume of Mr Deng's Selected Works.

While the petitioners did not openly attack "Deng Thought", they indirectly raised objections to efforts by the Deng faction to build a personality cult around the "New Helmsman". The elders also subtly expressed reservations about "Deng Thought" displacing the teachings of Marx and Mao as the country went down a quasi- capitalistic road. "If the writings and theories of comrade Xiaoping are raised to the same status as those of Chairman Mao, Marx and Lenin, then we may need to change the party charter and the constitution," the letter reportedly said, implying that the Deng cult lacked a constitutional basis.

Both directly and indirectly, the two documents indicated the country should observe the Four Cardinal Principles, one of the most important of which was Marxism-Leninism and "Mao Zedong Thought". The CAC, which was abolished in October 1992 on the personal orders of Mr Deng, had been a bastion of leftists, or remnant Maoists. The patriarch, however, has been unable to prevent his ideological foes from regrouping—and mounting a frontal challenge to his role as the "Chief Architect of Reform".

Chinese sources said the politburo had asked Hu Jintao, a member of its Standing Committee, to handle the petition. They said Mr Hu, who is in charge of organisation and discipline, wanted to prevent the incident from undermining the party's carefully crafted facade of unity. "Hu Jintao decided not to take action against the elders, who have a substantial following within the party," a source said. "He merely instructed that the petition be handled 'within the party' and in a 'confidential manner.'

Diplomatic sources in Beijing said it was likely the former chairman of the CAC, Chen Yun, had quietly lent his support to the petitioners. Mr Chen, 88, who usually lives in Shanghai and Hangzhou, Zhejiang province, has been in Beijing since the autumn. It is understood that while he has long suffered from what Chinese doctors call "old men's diseases" the conservative elder's health has recently picked up.

The petition, however, has not prevented the Deng faction from implementing one of the party's most comprehensive ideological campaigns since the 1950s to unify the people's thinking around "Deng Thought" by asking practically all party members to "closely study and learn from" the selected works.

Through selective leaks to the Hong Kong press and to foreign diplomats, Mr Deng's aides have also cited evidence that the 89- year-old patriarch enjoys excellent health. And even though the party's ideological and propaganda establishment is considered a stronghold of leftists, the Deng faction has been effective in containing the scope of activities to celebrate the centenary of the "Great Helmsman's" birthday, which falls on December 26.

Jiang Zemin Assists in Polio Immunization Program

OW0512134893 Beijing XINHUA in English 1242 GMT 5 Dec 93

[Text] Beijing, November 5 (XINHUA)—A nationwide polio immunization program began today, with tens of millions of parents taking their children to immunization centers to receive oral vaccines.

Chinese President Jiang Zemin visited the Liuyin Neighborhood Committee in Beijing's Xicheng District this morning to administer the vaccine to children under the age of four.

When Jiang asked doctors assisting him whether children liked to take the pills, they replied that the sweetened pills could be taken without water.

Jiang next visited a nearby kindergarten to give the vaccine to children there. He also wrote a message which reads: "Spread the use of vaccines among children and devote all our love to them."

Other Chinese leaders, including Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress, and State Councillor Peng Peiyun, also took part in the vaccination activity in Beijing.

The State Council, China's cabinet, has decided to give an additional oral polio vaccine to nearly 100 million children from newborns to four-year-olds on every December 5 and January 5 from now through January 1995.

The Chinese Government intends to eliminate the disease throughout the country by 1995.

According to government officials, immunization programs have sharply reduced the number of polio cases in China. As a result, the nationwide total fell from 5,000 in 1990 to 1,200 in 1992.

Justice Minister Visits Tianjin

SK0612112893 Tianjin People's Radio in Mandarin 2300 GMT 3 Dec 93

[Text] On 2 December Xiao Yang, minister of justice, came to the municipality to make investigation and study tours. He has carried out the investigations on the issue of how to further conduct reform in or reinforce the work undertaken by the labor and education reformatories and the work of rendering legal services under the new situation of establishing socialist market economic systems.

Gao Dezhan, secretary of the municipal party committee, and Song Pingshun, member of the municipal party standing committee and secretary of the municipal political science and law commission under the municipal party committee, called on Minister Xiao Yang and his entourage.

During his stay in the municipality, Minister Xiao Yang visited the municipal attorney office that is handling the affairs relating to foreign economic relations and foreign trade and the first municipal jail. During his visit, he cordially extended regards to lawyers and personnel in charge of the reforming work through labor and education. He also fully acknowledged the achievements scored by the municipality in its judicial and administrative work. He urged the municipality to further emancipate its mind and to boldly pioneer a road in its judicial and administrative work as well as to improve the work in this regard to a new level.

Dissident Urges Continuing Human Rights Pressure

HK0512060593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Dec 93 p 6

[Report on an interview with Chinese dissident Wei Jingsheng by John Kohut in Beijing; date not given]

[Text] While Chinese President Jiang Zemin was talking rapprochement with US President Bill Clinton in Seattle last month, back home there was at least one person who had some misgivings about what the warmer ties might mean to human rights in China. "A lot of Chinese people now say the United States has retreated (on human rights), that it's defeated," said Wei Jingsheng, the 43-year- old dissident who was released from prison last September after serving all but six months of a 15-year sentence.

Although the Clinton administration has said China must do more by way of human rights improvements if Washington is to renew its Most Favoured Nation trade status next year, Mr Wei said Beijing actually has the upper hand. Other Western countries have quietly dropped, or at least down-played, human rights in their relations with China for fear of missing out on perhaps the most lucrative market in the world. Mr Wei fears the same thing may now be happening with the United States.

"China tells Western governments they shouldn't interfere with Chinese affairs, and Western governments seem to accept this ... it uses business as a trump card," Mr Wei said. "If you care about China's human rights, then I won't do business with you, it says. If you behave yourself and obey the Chinese Government, then I'll give you business. This method has had a big influence on Western countries.

"The Chinese Government always propagandises, even in conversations with me, that you shouldn't think Western governments or people really care about your human rights. They are controlled by Western capitalists.

"A lot of Chinese people think this way now. They never used to. They used to think that Western countries had a democratic system, and that voters could influence the government. Now they have the impression ... it is the businessmen who are in charge."

For the West to drop human rights considerations in determining its relationship with China would be a big loss for the Chinese people, Mr Wei said. While China is far from a democracy, Mr Wei believes human rights conditions have improved for ordinary Chinese, thanks largely to international pressure. "Many Communist Party cadres at least now have the concept of human rights and of the violation of human rights. Before they didn't even have this concept," he said. Meanwhile "ordinary people know they have rights which should not be stripped away from them at a whim."

"If there wasn't international pressure, a lot of political prisoners wouldn't have been set free, including me. Not only would we not have been set free, but, according to the usual standards of the Chinese Communist Party, many of us, including me, would have been executed," he said.

Few in China are more competent to speak on human rights than Mr Wei. Sentenced essentially for having advocated democracy as a fifth modernisation in the late 1970s, he spent most of his prison term in solitary confinement. The key to his mental survival throughout was a belief that he was right. "I depended on spiritual support. What I did was aimed at improving the lives of ordinary people. I had nothing to regret. I felt I was more free than the bureaucrats of the Communist Party," he said.

Thanks to a US$50,000 (HK$387,000) [Hong Kong dollars] international activist prize from the California-based Gleitsman Foundation, Mr Wei has a huge degree of financial autonomy. But getting the money in hand did not come without a struggle. The Bank of China froze the money for a few days after the foundation sent it to his

father's account. Mr Wei asked the bank for an explanation, but it did not give any good reasons. Finally, however, he received his money.

With this funding, Mr Wei has set up a small office, with a secretary and a computer he has not yet learned to use. However, he is keeping the location of his workplace secret for fear he will otherwise never be able to escape the telephone calls from friends and interview requests from journalists. Mr Wei said he was using his time to compile materials from his prison days, such as letters to his family. He said he also planned to do some "internal democracy movement" work but would not elaborate.

The authorities have not restricted his movements per se, but officials have told him they are very unhappy with his interviews with foreign journalists and his articles for overseas publications. Mr Wei pays the authorities little heed, but says they have their ways of getting back at him. For instance, he claims that after he gave two interviews to Hong Kong's TVB [Television Broadcasts Limited] last month, Xinhua (the New China News Agency) pressured the television station so it cut his comments about Hong Kong from the first interview, and did not air the second at all.

This, Mr Wei says, is an ominous sign for post-1997 Hong Kong, just a taste of what is to come. "In the minds of many Communist Party officials, once they take back Hong Kong, they will wield their power there, they will interfere with Hong Kong in every respect, and gradually turn Hong Kong into a quasi-communist area," he said.

The Sino-British talks on Hong Kong show, according to Mr Wei, the "Chinese Communist Party fundamentally does not want to consider the opinion of the British Government or the people of Hong Kong. They will do what they want." But Hong Kong could also be a problem for China. "The Communist Party ... think they've defeated Britain. They haven't realised if the Hong Kong question is not properly resolved, it can be a millstone around their neck—the biggest headache for China."

Illiteracy Drops Due to 'Efforts by the Government'

OW0612115093 Beijing XINHUA in English 1030 GMT 6 Dec 93

[Text] Beijing, December 6 (XINHUA)—School enrollment for Chinese children has reached 98 percent this year, according to statistics issued by the State Education Commission here today.

The enrollment rate for girls is 96 percent.

The achievement has lowered the illiteracy rate for the total population from 80 percent in 1949 to 16 percent today.

Liu Bin, vice minister of the State Education Commission, attributed the result to efforts by the government, which shoulders the responsibility to develop elementary education.

"The sector is always mainly financed by the government," he said.

During the past 10 years, 100 billion yuan have been poured into classroom construction. The government has also built educational monitoring institutes in several provinces.

Governments at the county level and below have obtained the right to set up their own educational plans to meet specific conditions, and many educational laws and regulations have been published.

However, a shortage of funding, school dropouts and poor conditions for teachers have recently become acute in elementary and middle schools.

"The government has realized the problems and is set to tackle them," Liu vowed.

Li Lanqing, vice-premier of the State Council, will lead a delegation to attend an international meeting on education for the nine most populous countries this month.

"China is aimed at popularizing nine-year compulsory education in the 1990s, and the government will insure sustainable increases in educational funding," Liu said, adding that more measures to improve teachers' conditions will be mapped out.

Views on, Aspects Related to Mao's Memory Noted

CPC Survey Reveals Discontent

HK0412062393 Hong Kong CHENG MING in Chinese No 194, 1 Dec 93 pp 8-10

["Notes on Northern Journey" by staff reporter Lo Ping (5012 0393): "Activities To Mark the Centenary of Mao's Birth Reproached"]

[Text] **Mental and Political Pressure on the Reform Forces**

Activities to mark the centenary of Mao Zedong's birth are being conducted in Beijing and other areas.

This is a propaganda as well as a political offensive.

The conservative forces attempted to take this opportunity to attack the reform faction, the enlightened faction, and the Deng faction within the party. This is a kind of demonstration and also a move to push the Mao Zedong craze to its height so as to put mental and political pressure on the reform forces.

The people are another target for attack. They tried to place Mao Zedong on the shrine so as to poison the people with the personality cult once again.

Their overall motive is to obstruct reform and opening up and bring national economics, politics, culture, and so on into the "leftist" orbit of Mao Zedong Thought once again.

What is the reaction of this campaign among the people in and outside the party? Do they support the "Mao craze"? Will they once again fall into the pit of the personality cult?

There is an official survey document which may help the media discover the answer.

The Central Office Issued Four Copies of Questionnaires

On 7 October, the General Office of the CPC Central Committee issued a special report entitled "Views of Various Strata on the Appraisal of Mao Zedong's Life and the Mao Zedong Craze," which included four copies of questionnaires, dated from 2 to 15 September, with the following two questions contained therein:

1. Concerning Mao Zedong's role in and contributions to the Chinese revolution and construction, please select one of the following answers: Achievements outweighing errors; errors outweighing achievements; difficulty in making appraisal; or no intention of making appraisal.

2. Concerning the Mao Zedong craze currently sweeping society, please select one of the following answers: A normal phenomenon; an abnormal phenomenon; difficult to comment; or no intention of commenting.

The above four copies of questionnaires were distributed through the Central Propaganda Department, the CPC Central Committee Policy Research Office, the Chinese Academy of Social Sciences, and the State Education Commission. This was an extensive and representative public opinion poll conducted by the above four units concerning the appraisal of Mao Zedong and the Mao Zedong craze in society and within the party.

This survey was originated by the Central Propaganda Department. The general conditions and results of the survey are as follows:

The Results of the Survey Conducted by the Central Propaganda Department

The Central Propaganda Department selected eight cities—Beijing, Tianjin, Shanghai, Shenyang, Chengdu, Nanjing, Shenzhen, and Urumqi—for the survey, which was conducted with the assistance of the municipal or city party committees and governments. The survey targeted 600 people in the propaganda departments of 60 cities, counties, prefectures, bureaus, divisions, and sections, including cadres in charge of propaganda work at the above-mentioned and grassroots levels, journalists, theoretical research workers, writers, and so on. The results of the survey are:

The first question: Of all the respondents, 18 percent held that Mao Zedong's achievements outweighed his errors; 48 percent held that Mao's errors outweighed his achievements; and 34 percent fell into the last two categories.

The second question: Of all the respondents, 15 percent held that the Mao Zedong craze is a normal phenomenon; 63 percent held that it is abnormal; and 22 percent fell into the last two categories.

The Results of the Survey Conducted by the Central Policy Research Office

The Central Policy Research Office selected 10 cities—Beijing, Tianjin, Jinan, Dalian, Xian, Wuhan, Chongqing, Guangzhou, Kunming, and Hefei—for the survey, and entrusted the party committees and relevant departments of the above cities to provide assistance. The opinion poll targeted 4,000 people from 130 party and government organs, state-owned units, enterprises, scientific research units, cultural and artistic groups, institutions of higher learning, and military units, including the incumbent cadres at provincial and departmental levels, judicial personnel, persons responsible for colleges and universities, people's delegates, members of the Chinese People's Political Consultative Conference [CPPCC], senior and intermediate professionals, staff and workers, students, retired cadres, as well as people who committed mistakes in the Cultural Revolution.

The results of the survey are as follows:

The first question: Of all the respondents, 30 percent held that Mao Zedong's achievements outweighed his errors; 37 percent held that his errors outweighed his achievements; and 33 percent were unable or refused to make an appraisal.

The second question: Of all the respondents, 12 percent held that the Mao Zedong craze was a normal phenomenon; 75 percent held that it was abnormal; and 13 percent were unable or refused to comment.

The Results of Survey Conducted by the Policy Research Institute of the Chinese Academy of Social Sciences

The Policy Research Institute of the Chinese Academy of Social Sciences selected six cities—Beijing, Shanghai, Guangzhou, Xian, Chongqing, and Harbin—for the survey and entrusted the local academies of social sciences and relevant departments to give assistance. A total of 2,000 people between the ages of 40 and 75, with a similar educational level or with senior professional knowledge, from 120 scientific research units, academic units, tertiary institutions, and political groups of various democratic parties were chosen for the survey. Of the 20 percent who are party members, 16 percent are personalities from various democratic parties, 28 percent are people's delegates or members of the CPPCC at different levels, and 92 percent have titles of senior or intermediate professional posts. The results of the survey are as follows:

The first question: Of all the respondents, 8 percent held that Mao Zedong's achievements outweighed his errors; 67 percent held that his errors outweighed his achievements; and 25 percent found it difficult or were reluctant to make appraisal.

The second question: Of all the respondents, 7 percent held that the Mao Zedong craze was a normal phenomenon; 72 percent held that it was abnormal; and 21 percent found it difficult or were reluctant to comment.

The Results of Survey Conducted by the State Education Commission

The State Education Commission selected 10 cities—Xian, Nanchang, Changsha, Zhengzhou, Chengdu, Jinan, Shijiazhuang, Hefei, Nanning, and Hohhot—for the survey and entrusted the educational departments of various cities to give assistance. A total of 5,000 people, including school leaders, teachers, students, and graduate students from 40 institutions of higher education, 40 secondary technical schools, and 20 key full-time secondary schools were chosen for the survey, of whom 20 percent are either party members or Communist League members. The results of the survey are as follows:

The first question: Of all the respondents, 34 percent held that Mao Zedong's achievements outweighed his errors; 40 percent had an opposite view; and 26 percent found it difficult or were reluctant to make appraisal.

The second question: Of all the respondents, 20 percent held that the Mao Zedong craze was a normal phenomenon; 63 percent had an opposite view; and 17 percent found it difficult or were reluctant to comment.

Cadres and Masses Generally Give Mao Zedong More Censure Than Praise

From the above four copies of questionnaires, we note that both the cadres and the masses, and both party members and non-party members, gave more censure than praise to Mao Zedong in their appraisals of him, and the majority took a negative attitude toward the Mao Zedong craze. At higher levels of education, one finds larger proportions adopting a negative attitude toward Mao Zedong and the Mao craze. The survey conducted in the research institutes of the Chinese Academy of Social Sciences has fully demonstrated this point.

Another point that merits our attention is that, as it was primarily an official survey, quite a few people dared not reveal their true feelings on the questionnaires. They either voted for Mao Zedong and the Mao craze, or abstained from voting by making no comment.

Anyway, we are certain that it is extremely difficult for the conservative forces to change the people's inner world, "carrying out revolution in the depth of their souls," and letting the "red sun" and the "leftist" ideology become enshrined in their hearts once again. At most, they can have a deterrent effect on wavering reformists. In fact, these people have not yet broken with Mao's soul and ideology, and they even want to take advantage of this to achieve their political goals.

Of course, the number of such people will be gradually reduced, because the current trend is detrimental to deifying Mao Zedong again.

The Central Authorities Receive 3,500 Letters of Opposition Each Month

Apart from the survey document on Mao Zedong and the Mao craze issued by the General Office of the CPC Central Committee, there is still other information which has proven that the new campaign to create a deity runs counter to the historical trend and the people's will.

According to a source from the General Office of the CPC Central Committee, since the beginning of this year, letters and telephone calls expressing views on the Mao Zedong craze and the preparatory work of the central authorities to mark the centenary of Mao Zedong's birth—which were sent or made by party organizations and members as well as individuals in society—have accounted for a very large proportion of the total letters and phone calls received by the central authorities. It has been reported, that since last December, the central authorities have, on average, received 3,500 each month letters expressing disapproval of or opposition to the Mao Zedong craze and the activities marking the centenary of Mao Zedong's birth.

On 18 September, 40 veteran cadres and central committee members jointly wrote a letter to the Political Bureau of the CPC Central Committee, appealing that "activities marking the centenary of Mao Zedong's birth should be conducted in an appropriate way and attention should be paid to the actual results." The letter expressed anxiety over the Mao Zedong craze, which, they thought, was detrimental to political and social stability.

Jiang Zemin Admits That There Are Different Views Within the Party on the Commemoration of Mao Zedong's Birthday

Before the Third Plenary Session, Jiang Zemin also talked about the various views on the appraisal of Mao Zedong and the activities to mark the centenary of Mao Zedong's birth within the party.

Jiang Zemin's speech was published in the bulletin of the General Office of the CPC Central Committee on 28 September under the title of "An Excerpt of the Speech Made by Comrade Jiang Zemin When Meeting Party, Government, and Military Leaders in Guangzhou."

Jiang Zemin talked about the issue of Mao Zedong and his birth anniversary at a meeting with Guangdong's senior party and government officials and the leading cadres of the Guangzhou Military Region and Group Army at the newly built Block 8 of the Guangzhou Military Region's Baiyunshan Guest House. In particular, he mentioned that there are indeed varying understanding and views on the appraisal of Mao Zedong's lifetime, the practical significance of Mao Zedong Thought, and the current activities marking the centenary of his birth within the party. Then, he said that the opinion of the central authorities was consistent and definite, that is, we discourage open disputes or debates but allow people to reserve their personal views. The appraisal of Mao Zedong made at the plenary session of the central committee (referring to the Sixth Plenary Session of the 11th CPC Central Committee held between 27 and 29 June 1981, at which the "Resolution on Several Historical Issues of the Party Since the PRC's Founding" was adopted) should be taken as a guide, he said.

Jiang, on the one hand, said reservations of personal views are allowed and, on the other, the central resolution should be taken as a guide. Isn't that contradictory!

There Are Five Views, Including Affirmation and Negation, in the Appraisal of Mao Zedong

Jiang Zemin further said: There are five views on the appraisal of Mao Zedong's lifetime within the party and in society, which included some party and government leading groups: 1) Persistently believing that the appraisal made by the above-said plenary session on Mao Zedong's achievements and errors to be in the proportion of 7:3 is objective and can withstand the test of history; 2) Having reservations on the appraisal made by the party central committee on Mao Zedong's life and believing that, under the political atmosphere at that time, it was inappropriate and impossible to make a more comprehensive and correct appraisal of Mao Zedong owing to the consideration of mitigating the contradictions with those advocating the "two whatevers" (fan shi pai 0416 2508 3175); 3) Believing that Mao Zedong's whole life should be basically negated, because it was chiefly his serious blunders in line, guiding principles, and policies—as opposed to his work errors—that caused disastrous damage to China during the construction period. This view also believes that some policy mistakes made under the guidance of the population theory and others during his lifetime also brought considerable difficulty to the Chinese nation, which can hardly be eliminated in one or two centuries; 4) Believing that the achievements and errors of Mao Zedong's entire life should not be roughly expressed by the ratio of 7:3, but should be analyzed according to specific cases; hence, the most appropriate way is to leave the appraisal of Mao Zedong to the 15th or 16th national party congresses, or the ninth or 10th national people's congresses; and 5) Believing that Mao Zedong's whole life was basically correct, and Mao Zedong Thought is the theoretical foundation of the Chinese Communist Party in the past, present, and future.

It has been said that Jiang Zemin did not make a conclusion. A conclusion has been drawn, however: The ordinary people have a tendency toward non-Maoism in line, principles, and policies, making it impossible for the new deity creation campaign to be a success.

Hometown Thriving Business Center

OW0612025493 Beijing XINHUA in English 0202 GMT 6 Dec 93

[By Wu Yuehui and Liu Zhiquan]

[Text] Changsha, December 6 (XINHUA)—Few people in Mao Zedong's birthplace wear Mao badges, but here and there are businesses which bear the family name of Mao.

Mao is a very common surname in Shaoshan in central China's Hunan Province, where Mao Zedong was born. Some of the Maos here are distant relatives of the late Chinese leader. Others don't have family ties with him. But with or without the surname Mao, local people take pride in the fact that Mao was born here and in every family home hangs his pictures.

There are Mao hotels, Mao bookstores and Mao bars. Of Mao restaurants there are even more. The most famous Mao restaurant is run by Tang Ruiren, whose husband has the surname Mao. Since its opening six years ago, the restaurant has served 200,000 Chinese and foreign tourists. As a result Tang is now a well known rich woman. "Mao Zedong led us to become the masters while Deng Xiaoping led us to become prosperous" is her often quoted saying.

Tang has recently opened a "Shaoshan Mao Restaurant" in Beijing. On its menu are Mao's favorite dishes, such as baked small fish, stewed pork with mushrooms and pork braised in brown sauce.

Of the 400 households in the small town, 60 percent are engaged in private businesses. In fact, almost every family does some kind of business, if one counts stalls at the door selling things.

In the past the "orthodox" residents of Shaoshan regarded engaging in trade as shameful. It seems that such traditional values have all gone nowadays.

Their business sense stems from a steady flow of tourists. A total of 1.2 million tourists came to visit Shaoshan last year. This year, which celebrates the centenary Mao's birth, the figure will reach 1.5 million, local officials estimate.

Most tourists would first go to visit Mao's former residence and other places connected with Mao. Then they would buy souvenirs also connected with Mao, and books on Mao.

Local bookstores sell all kinds of books on Mao, such as "Mao's Family History," "Stories on the Teenage Mao," "Charisma of Mao as a Leader," "Mao and his Relatives," "Mysterious Mao and Chinese Ancient Wisdom" and "Mao and his Townsfolk." there are also books on Mao written by foreigners.

China has published more than 100 books on Mao over the past few years. Many of them sell very well because they depict Mao as an ordinary man and include anecdotes not known to the public before.

A continuous stream of tourists come to visit Mao's former residence. A total of 28 million people have visited the house since it was opened to the public in 1953. There, the visitors seem most interested in Mao's bedroom and his parents' bedroom. In the former there is a tung oil lamp by which the teenage Mao used to read. On the latter's wall hangs a photo of Mao's parents.

Several women visitors from north China all commented: "Chairman Mao took after his mother!" Mao himself said the same thing to those accompanying him when he visited his hometown in 1959. Local people say that Mao's mother was a sympathetic woman who was always ready to share what she had. She had a deep influence on Mao.

The 14-room house must have been among the most beautiful in the small town in the past. But it is now outshone by newly built peasant houses around it. Most of the new houses, two-storeyed and with black tiles and white-washed walls, are built at the foot of hills.

Local officials say that the first thing the peasants do is to build houses when they become prosperous. Sixty percent of the households in the town have built new houses in the past few years.

There are several millionaires in the town. One of them, He Liangping, who is in pork processing, has two cold storage trucks, one car and two houses.

Cassette of Laudatory Songs Issued

OW0512053793 Beijing XINHUA Domestic Service in Chinese 0501 GMT 24 Nov 93

[By correspondents Liu Jinzhang (0491 6930 3864) and Cheng Huaiqing (4453 2037 1987)]

[Text] Beijing, 24 Nov (XINHUA)—A cassette tape entitled "The Hearts of Chairman Mao and People of Various Nationalities Are Linked Together" was recently issued and circulated by the Minzu [3046 2469] Publishing House.

The tape has gathered twenty melodious songs from various nationalities including Mongolian, Tibetan, Uygur, Kazakh, Korean, Zhuang, Hui, Miao, Yi, Wa, Naxi, Sibo, Tajik, Ewenki, Tartar, Tahur, and Oroqen. It has expressed the thoughts of hundreds of millions of people who never forget where their happiness comes from and who always remember the Communist Party for their happiness. It has revealed their grateful feelings and deep memories for the Great Leader Chairman Mao. The songs were sung by renowned singers including Dedema, Kelimu, Jin Man, Qubiawu, Song Zhyin, and Yixizhuoma.

Economic & Agricultural

Jiang Zemin Addresses Economic Work Meeting

OW0512013893 Beijing XINHUA Domestic Service in Chinese 1211 GMT 4 Dec 93

[By reporters Xu Yaozhong (1776 5069 0022) and Zhou Zongmin (0719 1350 2404)]

[Text] Beijing, 4 Dec (XINHUA)—A national economic work meeting held by the State Council closed in Beijing today. Jiang Zemin, general secretary of the CPC Central Committee and Chinese President, delivered an important speech at the meeting. Speaking about general demand for next year's work, he said: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, it is necessary to fully implement the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, and to continue to push forward reform, opening up, and the modernization drive. Jiang Zemin emphatically pointed out: The current international and domestic situations have provided us with a rare and favorable opportunity. We must take advantage of the opportune time to accelerate the pace of reform, opening up, and the modernization drive; to strive to establish an initial [chu bu 0443 2975] socialist market economic structure and realize the second- step development goal of enabling the people to lead a fairly comfortable life by the end of the century; and to raise comprehensive national strength to a new, high level.

Today's meeting was presided over by Li Peng, member of the CPC Central Committee Standing Committee and premier of the State Council. Those attending the meeting included party and state leaders Qiao Shi, Zhu Rongji, Liu Huaqing, and Hu Jintao.

Jiang Zemin said: This national economic work meeting has been very successful. Comrade Li Peng's report analyzes the current economic situation and sets forth the principle and the general idea of next year's economic work, as well as some major measures concerning reform and development. All of these have been discussed by the central authorities and I completely agree with them.

Jiang Zemin analyzed in depth the domestic and international situations, pointing out: Currently the world is in a historical period of major changes and the development and changes in the international situation are, in general, favorable to China. The domestic situation is good in general; it can be summarized in sixteen characters—the economy has developed, the political situation has stabilized, national unity has been upheld, and social progress has been made [jing ji fa zhan, zheng zhi wen ding, min zu tuan jie, she hui jin bu; 4842 3444 4099 1455, 2398 3112 4489 1353, 3046 2469 0957 4814, 4357 2585 6651 2975]. Our economy has maintained a high annual growth rate of about 13 percent for the last two years; agricultural harvests have been quite good; industrial development has been rapid; the domestic market has prospered; people's income has increased; and people's livelihood has continued to improve. The central authorities' macroregulation and control measures have yielded positive results; financial order has improved; the excessively high growth in fixed asset investment has slowed down; prices of capital goods have stabilized; and the entire economy has continued to develop in a healthy manner. The international community generally has a favorable view of China's economic prospects and foreign businessmen have been very enthusiastic in investing in China. All of these have set favorable conditions for us to quicken the pace of development. The depth of our reform and opening up has increased and the scope has broadened; the entire economy has increasingly become more market-oriented; and the pace of building a socialist market economic system has quickened. The social and political situations have also been good. New progress has been made in building our political power, in strengthening the rule of law, in fighting corruption and promoting administrative honesty, in improving social order, and in building the socialist spiritual civilization—creating stable social and political conditions for our reform and development. Of course, we should soberly realize that some contradictions

and problems still exist in our economic development; these contradictions and problems should constantly call for our attention.

Jiang Zemin emphatically pointed out: Currently our country is in a very important historical period. We should unswervingly follow Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we should closely adhere to the central task of economic construction, and should constantly develop our socialist market economy, socialist democracy, and socialist spiritual civilization. Next year is a very important year for accelerating reform and opening up and for ensuring that the economy develops speedily, healthily, and in a sustained manner. Ensuring a good job in doing next year's economic work has great significance. We should completely and correctly analyze the situation and gain a good understanding of it. The better the situation is, the more we should keep ourselves sober. We should be skillful in finding and solving in a timely manner new problems which crop up while we march forward, especially problems that indicate some kind of tendency. The better the situation is the more we should do to properly guide and protect the enthusiasm of cadres and the masses and to ensure that this enthusiasm is properly brought into play. We should also properly coordinate the relationships between various sectors and give play to all positive factors to create favorable conditions for the healthy development of our economy.

While discussing the need to continue ensuring the economy develops speedily, healthily, and in a sustained manner, Jiang Zemin said: We should always regard economic construction as the central task and concentrate our efforts on ensuring economic development—we must never waver from this. The general guidelines for next year's economic development were decided after considering the opinions widely sought from various sectors, and after repeated computations. They are based on the high growth rate of the last two years and therefore next year's economic growth will also be quite high. The tasks of next year's reform will be very heavy; in deciding the speed of development, we should leave appropriate room for creating more favorable conditions for reform. New thinking is needed for our economic development, with the focus truly shifted to improving economic efficiency. We must stop following the old path of extensive management—blindly pursuing high output value and increasing the scale of investment. We should ensure a good job in making structural readjustments, in transforming old technologies, and in developing new products, and should pay attention to improving science, technology, and management work. In short, in developing the economy, not only must we pay attention to quantity but also, more importantly, to quality. We should bear in mind the ratio between input and output—we should strive to gain more output with less input. When the economy develops at a relatively high rate, some irregularities in various aspects are bound to occur. This requires that we properly practice macroregulation and control to deal with these irregularities in a timely manner. Correct macroregulation and control are an indispensable requirement for speedy development; only by properly practicing macroregulation and control can we ensure the economy develops speedily, healthily, and in a sustained manner. This year's practice of strengthening and improving macroregulation and control also indicates that by deepening reform and making better use of economic means, legal means, and necessary administrative means, we are able to ensure a healthy development of the economy and to preserve social stability.

While speaking of quickening the pace of reform in building a socialist market economic system, Jiang Zemin said: Based on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and on the guidelines of the 14th CPC National Congress, the "decision" adopted by the Third Plenary Session of the 14th CPC Central Committee sets forth a blueprint for building a socialist market economic system. This blueprint is the program of action for reforming our economic system in the 1990's. The pace of reform will be great next year, and next year will see the greatest number of reform measures for any year in a decade or more. These reform measures will involve the state, enterprises, individuals, and all professions, trades, and sectors. The launch of so many reform measures shows that the party and government have the ability. These reform measures have great significance; we must ensure their success. In carrying out reform, we should be cautious, properly handle the various relationships, step up media propaganda, help cadres and the masses deepen their understanding, and try to win greater support from them in order to ensure that all reform measures are implemented smoothly.

Jiang Zemin emphasized: We must persist in the principle of giving equal emphasis on two fronts and safeguard social and political stability. This would provide the political guarantee for us to smoothly carry out reform, opening up, and the modernization drive and to concentrate our resources on developing the economy. It would be impossible to promote reform or development without social and political stability. Reform and development constitute the basis for social and political stability. Advance reform and development amid stability and bring about long- term social tranquility through reform and development—this is an important principle we must adhere to.

Speaking of stepping up and improving party leadership over economic work, Jiang Zemin said: There are many major, complicated issues in the economic, social, and political spheres and in international relations involving the interests of the whole nation. Party and government leaders at all levels must heighten their sense of responsibility for the party, state, nation; steadfastly adhere to the party's basic line of "one center and two basic points;" and improving their style of work and leadership. Our nation is now undergoing a profound change as a result of reform, opening up, and the modernization drive; for our party to successfully shoulder the historic responsibility of this great change, it must have correct theoretical guidance and a unified ideological underpinning. The theory on building socialism with Chinese characteristics initiated by Comrade Deng Xiaoping in the course of the great practice of

reform, opening up, and socialist modernization represents a continuation, enrichment, and development of Mao Zedong thought, it is Marxism in contemporary China [shi dang dai zhong guo di ma ke si zhu yi 2508 3981 0108 0022 0948 4104 7456 0344 1835 0031 5030], and a guide for our actions. We must arm and unify the thinking of the whole party with this scientific theory, which is the fundamental guarantee for implementing our work well and for advancing reform, opening up, and the modernization drive. We must assiduously study Volume 3 of *Selected Works of Deng Xiaoping* in light of the actual practice of reform and development, truly unify the thinking of the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics, the guidelines of the 14th CPC National Congress, and the decisions by the Third Plenary Session of the 14th CPC Central Committee; and put them into practice by incorporating the guidelines into plans for next year's economic work formulated by the CPC Central Committee to create a new situation in our respective localities and departments.

Jiang Zemin called for taking the overall situation into account. He said: Establishing a socialist market economic structure is a difficult and complex feat of social systems engineering [she hui xi tong gong cheng 4357 2585 4762 4827 1562 4453] that involves many spheres of the economic base and the superstructure, and it therefore requires corresponding structural reforms and the readjustment of a series of policies. For this reason, we must draw up a general plan that takes considers the structure and relations of all sectors to fully utilize all positive factors and the initiative of all sectors. In handling relations between the central authorities and localities, we have always stressed the need to give full play to the initiative of both the central and local authorities. In formulating policies, the central authorities should fully take into account the interests and different characteristics and conditions of localities. To formulate a comprehensive and well-thought-out reform program for next year, the party Central Committee and the State Council have fully canvassed the views of localities. Some localities or sectors are, however, unavoidably required to make more contributions to the state. We must keep the long-term interests of the whole nation in mind and subordinate immediate interests to long-term interests and the interests of the localities to the interests of the whole nation to ensure a smooth continuation of the reforms. All comrades in leadership positions must have the interests of the whole nation in mind, and consciously place the work of their respective locality or sector in the overall picture of nationwide reform and development. When the local interests come into conflict with the interests of the whole nation, they should consciously subordinate their local interests to the interests of the whole nation and be good in explaining it to the cadres and masses to ensure the administrative orders of the central authorities are carried out to the letter, the unity and seriousness of the orders will be maintained, and the overall interests of the party and state will be safeguarded.

Jiang Zemin said that to successfully accomplish various tasks in the next year and to further promote the cause of reform, opening up, and socialist modernization leading organs and leading cadres at various levels must markedly improve their leading methods, effectively improve their work style, adopt effective measures to overcome bureaucracy and formalism, and creatively carry out their tasks in their respective localities and departments in accordance with the overall arrangements made by the party Central Committee and the State Council. He called on them to profoundly carry out the struggle against corruption and achieve significant progress in building a clean and honest government, go into reality to investigate and study, pay attention to the new situation, solve new problems, properly handle all kinds of complicated social contradictions that might arise, and avoid big mistakes and losses. He said that without investigations and study we could not formulate a correct policy, and that without paying attention to investigations and study we could not know the facts or do a good job. He hoped that leading cadres would spend more time to study and spend less time on social intercourse, spend more time on investigations and reduce their own subjectivism, and do more real things and do away with empty words. He said that in this way we could greatly improve our quality of leadership.

In conclusion, Jiang Zemin stressed that the tasks for reform and development in the next year would be very arduous and heavy. He called on the whole party to unify its thinking and action under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, help each other like those in the same boat, work in a solid manner to overcome all difficulties, and successfully accomplish all tasks in the next year.

Following General Secretary Jiang Zemin's speech, Premier Li Peng put forward demands on how to implement the guidelines of this conference. He said: Comrade Jiang Zemin has just made an important speech which is a very good summation of this conference. After discussion on national economic work at this conference, we have basically ascertained general plans for economic development and the principles and policies for reform and development next year. The next step is to conscientiously implement those plans, principles, and policies. To properly implement the guidelines of this conference, comrades from various provinces, autonomous regions, municipalities, ministries, and commissions should promptly disseminate the guidelines and unify the thinking of leading groups at the provincial, ministry, and commission level when they return to their respective organizations. We should conscientiously and properly implement the current and forthcoming major reform measures. We should promptly study the new situation and solve new problems in the course of reform so as to insure the successful accomplishment of tasks for reform and development next year.

Leading comrades of the party Central Committee and the State Council also attending the conference were: Zou Jiahua, Li Lanqing, Li Tieying, Wen Jiabao, Chi Haotian, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, and Luo Gan.

Li Lanqing Meets Aviation Fund Investors

OW0512070693 Beijing XINHUA Domestic Service in Chinese 1345 GMT 16 Nov 93

[By reporter Zou Qingli (6760 3237 7787)]

[Excerpts] Beijing, 16 Nov (XINHUA)—The China Aviation Fund was formally established today. The $96.6 million for the first group of projects has been allocated to enterprises, and negotiable securities named after the China Aviation Fund are being sold in Europe.

The fund was raised by the Hong Kong Tianli (International) Investment Ltd. Company outside China in November last year at the request of former Ministry of Aeronautics and Astronautics Industry. The fund, which came from overseas investors, will be invested in the manufacturing of civilian goods to be used in China's aviation industry. [passage omitted]

Representatives from dozens of overseas banks and investment companies attended today's meeting to allocate the funds for the first group of projects. Vice Premier Li Lanqing met with these representatives after the gathering. Li Peiyao, vice chairman of the National People's Congress Standing Committee, attended and addressed the meeting.

Article Analyzes Economic Reform Trend

HK0312100093 Beijing LIAOWANG in Chinese No 45, 8 Nov 93 pp 4-6

["Special article" by staff reporter Li Dibin (2621 6611 2430): "Historic Choice: Making a Breakthrough at Key Points, Taking Supplementary Measures To Promote Reform—Commenting on and Analyzing the Trend of Economic Reform at Present"]

[Text] The atmosphere of reform is strong in early winter in China.

Another round of high-speed economic development was cooled down. After that, reform has become a hot topic of discussion again. People find that China is facing another major choice in economic reform: Should we make some limited and piecemeal reforms in the old economic system in accordance with the original pattern, or should we boldly make a breakthrough at key points so as to advance reform to a new level?

There are signs that the latter will be the main orientation of reform in the future.

The policy of reform and opening up has been implemented for 15 years, the decision on economic restructuring was made at the Third Plenary Session of the 12th CPC Central Committee nine years ago, and the goal of building up a socialist market economy was established at the 14th party congress a year ago. This choice is unusual, and means that the core of reform has been shifted to a new stage of building a new system of socialist market economy, making a breakthrough at key points, and taking supplementary measures to promote reform.

Double Pressure: A Difficult Problem Which Cannot Be Bypassed

From the latter half of last year to the first half of this year, the abnormal economic cycle of "tightening and loosening control, overheated and sluggish economic growth" once again disturbed China's economy.

In the first half of this year, a total of 354.2 billion yuan of fixed-asset investment in society was completed, registering an increase of 61 percent over the same period last year, while the investment made by state-owned units increased by 70.1 percent. By the end of June, projects with a total worth of 1.4934 trillion yuan were under construction and the growth rate was 35 percent. Domestic financial expenditure increased 12.5 percent compared with the same period of last year, whereas the growth rate of financial revenue in the same period was more than 10 percent lower than expenditure. Inflationary pressure began to manifest itself. The purchasing prices of energy and raw and processed materials increased 32 percent over the same period of last year, the price of agricultural means of production increased 12 percent, residents' cost of living throughout the country increased 12.5 percent compared with the same period of last year (that of 35 large and medium cities increased by 17.4 percent,) and the rise in retail commodity prices throughout the country also reached a double-digit figure. The problem of shortage of funds became more severe; the renminbi depreciated rapidly; the "bottleneck" constraints were more conspicuous; and railway capacity was so restricted that it could only meet 40 percent of the needs...

Economic operation once again deviated from the normal path.

Historical experience merits our attention. The economic cycle of "overheated growth—retrenchment—decontrol—overheated growth" has occurred four times in our country over the past 15 years of reform and opening up. In 1984, a total of 26.2 billion yuan was put into circulation, and consequently we were forced to adopt the policy of comprehensive retrenchment the following year. In early 1986, our industrial production dropped to the lowest point, the whole country was in a panic, and more and more credit was again granted under the double pressure of development and decontrol. In the autumn of 1987, we had to implement the policy of "double retrenchment" (tightening credit and finance). In the first half of 1988, industrial production dropped, which aroused public reaction, and the restrictions on investment were once again lifted. The "panic purchasing" in July and August of that year eventually triggered rectification of the economic order and improvement of the economic environment in the following two years or so. The super-high-speed economic growth from the latter half of last year to the first half of this year had a direct bearing on the attenuation of the macroscopic regulative capability.

A review of the reform and opening up experience over the past 15 years seems to show that the following problem cannot be bypassed: Speed is essential to development;

there will be overheated economic growth when development is too fast; and readjustment is required to keep the overheated economy under control, which will, in turn, produce deceleration.

People cannot help but ask: What is going wrong in China's economy?

A Double-Propellant Rocket: The Motive Force Inside the System and the Impact Outside the System

An analysis of the new conflicts and characteristics arising in recent economic operation enables us to have a deeper understanding of the gains and losses of reform in the previous stage.

—In the past, reform was implemented and power was delegated to lower levels at the expense of financial revenue of the central authorities. With this measure, local enthusiasm was aroused, but, at the same time, the central authorities' capability for economic regulation was much weakened, which posed a new problem. The central authorities' capability for economic regulation is mainly manifested in their capability for collecting finances and exercising macroeconomic control. The proportion of the central authorities' financial revenue to the GNP has been dropping since 1978. In 1992, the proportion dropped to 14.2 percent, which was the lowest since our country's founding. In addition, central authorities deficits have been rising for years, to the extent that revenue cannot cover expenditure, and the problem of funds shortage is so severe that it has run out of control.

By contrast, various localities have more and more financial resources within a short time. Prompted by their own economic interests, governments at the provincial, prefectural, county, and town levels have blindly expanded and vied with each other in mobilizing all resources available to start projects and make investments. Obviously, many investment actions have gone beyond what is really possible. From last year on, an overwhelming majority of the localities in our country have decided that their goal is to develop at a speed 2 to 6 percent faster than that laid down by the Eighth and Ninth Five-Year Plans. Hence, statistics show that the average speed throughout our country is approximately 12 percent. In addition, according to figures provided by the People's Bank of China, over 1 trillion yuan of fixed-asset investments by state-owned units are expected to be completed in 1992 and 1993. According to calculations on the basis of the lowest proportion of supplementary circulating funds, at least 100 billion yuan of circulating funds is needed! More important is that, because of limited financial resources, various localities frequently invest in industrial processing projects which are "short-term, inexpensive, and fast," which not only exacerbates the "bottleneck" constraints, but also deepens the problem whereby the industrial structure is becoming homogeneous and, at the same time, aggravates the problem of shortage of funds.

—Reform of the macroscopic regulative system is far from perfect. Careful observation of the alternate phenomena of overheated and sluggish economic growth in China reveals that overheated economic growth is closely related to malpractices in the current system. For example, reduction of the central authorities' financial resources is closely related to the substandard taxation system; blind expansion, funds "being circulated outside the system," and the "financial contract responsibility system" being driven by sectional interests are phenomena closely related to the current banking system, which still remains in the planned economy and cannot adapt to new changes; whereas the driving force of investment expansion is closely related to the current investment system which is unclear in defining responsibilities and which does not take risks.

—"Disorderly" monetary activities aggravate the overheated economy. The role of monetary activities has become important since the policy of reform and opening up was implemented. The "main gate" of regulating money supply has been shifted from financial to monetary policies. Under a market economy, the originally defective monetary system has become severely deformed: The size of loans is out of control; monetary issuance grows at a record-breaking fashion; banks set up their own companies; and innumerable IOUs for purchasing peasants' grain are issued. Differing from overheated economic growth in the past, which was driven by investment in capital construction, monetary activities provide investment expansion in traditional capital construction with many new financing channels: Direct financing in securities transactions; various fund-raising activities involving different trades and professions; loans granted by banks to their subsidiary financial institutions and nonbanking institutions; financing legally or illegally conducted by nongovernmental organizations, and so on. The monetary disorder has become the precursor and driving force of the present abnormal overheated economic growth.

—The "three crazes" (the real estate craze, the stock craze, and the fund-raising craze) aggravate overheated economic growth. We do not deny that the existence of the "three crazes" is reasonable. As a matter of fact, the three "crazes" embrace potentialities of the growth of market forces. As far as the principal parts of investment are concerned, they are made up of multiple property rights components, including state ownership, collectives, individual ownership, and "foreign-invested" ownership. As far as the sources of capital are concerned, it basically comes from capital solely owned by all kinds of ownership rights and bank loans involving risk. As far as the industrial structure is concerned, real estate is the precursor industry in any developed country's economic takeoff and people always want to inject capital, which is raised through issuing stocks and financing, into industries which have better prospects and economic benefit. As far as investment choices are concerned, residents can choose from unprecedentedly wide areas of investment, which means that the traditional investment pattern of either consumption or saving has ended. At present, our country has millions of stock buyers, which indicates that residents have an

unprecedentedly high sense of investment. This will play an unimaginable role in fully establishing a socialist market economy. However, owing to the substandard and blind nature of its operation, it aggravates overheated economic growth. Moreover, the loopholes arising during the process have become a hotbed of crime which lawless persons take advantage of to embezzle money and which breeds corrupt phenomena.

We can easily discover through a review of the "step-by-step" reform process in our country over the past 15 years that reform was first implemented in those areas which could be easily altered, which could easily produce desired results, and which would try to avoid infringing upon the interests of any social groupings. This characteristic was reflected in the contract responsibility system linked to agricultural production and in the state-owned enterprise contract system as well as in separate financial accounting and in retaining a portion of foreign exchange in exports. However, at a time when the process of reform and opening up has been developing for 15 years, the conflicts between key questions of the old system and "compromise solutions" to many problems in the "step-by-step" reform on the one hand, and the ever-growing and developing enterprise mechanism and market system on the other can no longer be avoided or reconciled.

Working Along Both Lines: Perfecting the System of Macroscopic Regulation and Invigorating the Basis of Microscopic Economy

At present, our economic reform stands at the crossroads: We must either maintain the current setup or carry out reform. We must pay a price in both cases, but the results will be completely different. To maintain the current setup, we have to more frequently exercise administrative means to balance the cycle of "overheated and sluggish economic growth" which arises again and again. To implement reform, we must vigorously engage in full transformation of the macroeconomic system from various sides, and consequently there will be great changes in the overall setup of interests and power, which will definitely touch off certain forms of resistance from a small number of interest groups in society and some unavoidable negative effects. However, in implementing this reform, we will more frequently refer to international practice and draw on mature experience from other countries. We must work through legal, economic, and other necessary administrative means to set up a new system of macroscopic regulation which accords with the requirements of market economy so as to put in order the market forces released by the current system. Meanwhile, supplementary reforms of the state-run enterprise system and the social security system must be implemented to enable the Chinese economy to "bid farewell to the strange cycle" and to finally take a sustained, steady, and rapid development path.

This is the inevitable historic choice.

Authoritative sources hold that we should deepen reform in two respects: As far as the system of macroscopic regulation is concerned, reform should be implemented in the taxation, monetary, and investment systems; whereas the basis in microeconomic regulation should be largely reform of the state-owned enterprise system. Moreover, it is necessary to develop and perfect a market system which accords with the development requirements of socialist market economy.

Reform of the Taxation System The "financial contract responsibility" system has fulfilled its historic task and will be replaced by a categorized taxation system with divisional taxation as the core. We should, in light of international practice, increase the proportion of central finance to overall financial revenue to strengthen the material means of macroscopic regulation, to enhance the state's investment capability in "bottleneck" industries, and to provide basic financial resources to divert funds from one area to another so as to narrow interregional differences. We should implement a unified tax rate and provide enterprises under different kinds of ownership with a single tax rate for fair competition. On the other hand, the policy of granting preferential taxation treatment to areas will give way to that of granting preferential taxation treatment to industries which have to be developed as soon as possible. As far as state-owned enterprises are concerned, the policy of separating profits from taxes will be uniformly applied, and enterprises will retain more profits for capital accumulation so as to strengthen their development capability.

Reform of the monetary system The core of reform is to strengthen the central bank's regulation of money supply. According to internationally applied regulations, a central bank should be a government organ which does not regard profit as its aim and does not bear the responsibility for economic growth. Its function is merely to maintain a stable currency and ensure the safety of the monetary system. We must transform the People's Bank of China's current organizational setup, its financial system, and the method of supervising financial organizations. We must separate monetary activities for policy implementation from those for commercial purposes so as to rectify the chaotic financial order under the current system in which professional banks are undertaking both functions. We must speed up the process of financial legislation and, on the basis of the legal system, develop commercial banks, credit cooperatives, and foundations with multiple property rights to gradually form a unified national financial market.

Reform of the investment system A task of top priority is to establish a restrictive investment mechanism with the owner responsibility system as the core. As far as state investment is concerned, responsibility for appraising, examining and approving, and implementing investment decisions as well as bringing about results should be divided. Moreover, we must have quantified targets to correct the malpractice of starting projects blindly. The state should, as far as possible, cooperate with other ownership bodies in investment so that they can supervise each other and share risks, thus thoroughly eliminating the investment trend of unlimited expansion under the current investment system.

Reform of the enterprise system The establishment of a modern enterprise system with clear property rights as the core is the key to enterprises' advancing to the market. To become real market bodies and have the capability to compete fairly with other kinds of enterprises, the property rights of state-owned enterprises must be redefined so that they may be transferable in market transactions.

The main purpose of developing and perfecting a market system in line with the requirements of socialist market economy is to help form and perfect a market for factors of production and to establish a unified and open national market in which the domestic market is open and converges with the international market.

Reform is a systematic project. Each reform cannot be implemented in an isolated manner, but should be carried out in a coordinated way under standardized general rules.

A Double-Edged Sword: Several Questions Worthy of Note

Everything is dialectical unity.

As far as the present reform is concerned, we should implement it with due force. If the force is too strong, things will turn negative; but if the force is weak, haste will make waste. In particular, we should guard against the possibility of implementing certain reforms at the expense of others. Regarding problems arising in the reform process, we should make concrete analyses according to concrete situations.

As far as financial revenue is concerned, the stronger the central authorities' financial capacity, the weaker the financial capacity of local authorities. So, will the enthusiasm of local governments in economic development be affected? In particular, projects under construction and medium- and short-term development plans in various localities are implemented in accordance with current financial arrangements, so how can the convergence and transition be achieved with shrinking financial capacity?

According to past experience, there are grounds for anxiety, that is, regarding whether or not supplementary laws and regulations which coordinate with current reform measures can be introduced in good time. Malpractices have been nothing new during our course of reform over the past 15 years. The practices of "taking countermeasures to deal with policies laid down by the senior authorities" and taking advantage of policy loopholes have almost become a branch of study. We will incur further losses if the law still fails to catch up with the times and we rectify the situation only after a host of problems have arisen.

With the deepening of reform, social security will become a major focus of people's concern. With property rights of enterprises clearly defined, enterprises will more frequently absorb labor in accordance with the benefit principle. Moreover, the long-standing drawback of overstaffed institutions will be resolved by the reform of government institutions, which is under way, in accordance with the benefit principle. Reform in these two respects will screen out tens of thousands of redundant personnel. Society has very limited capability to absorb these personnel within a short time. So, what is the way out for these redundant personnel? How to safeguard their living (including housing and medical services)? These will become real problems in the future which must be solved as early as possible.

It should be pointed out that no reform can be perfect. Moreover, new conflicts will arise once old conflicts have been settled. Reform is precisely being deepened and developed while constantly discovering, understanding, and settling conflicts. Our wishes are: When we draw on mature rules and experience from other countries, we should pay full attention to the concrete situation of our country and, to the best degree we can, exercise economic and legal means. In particular, we must guard against power intervening in the market.

If past reform was described as the "encirclement of cities by villages," now we have to shift our target to large cities. This will be a strategic battle in China's reform process.

Socialist Market Economy To Bring 'Strong Growth'

OW0512161093 Beijing XINHUA in English 1516 GMT 5 Dec 93

[Text] Beijing, December 5 (XINHUA)—China's economy will continue its strong growth in 1994, with the faster establishment of a socialist market economic structure, a senior government official said today.

Addressing a national planning conference that opened here today, Chen Jinhua, minister in charge of the State Planning Commission, stressed the importance of meeting the requirements of a market economic structure in drawing up an overall plan for national economic and social development.

To achieve "sustainable, rapid and healthy" growth of China's economy, it is necessary to streamline the country's economic structure, promote progress in science and technology, and increase economic returns, he said.

"Meanwhile, we must also accelerate and deepen the reform of the country's planning and investment structures, push forward the price reform in a positive and proper manner, and strengthen and improve macroeconomic control," he told the conference.

He expressed the belief that a series of major reform measures to be taken next year will bring into better play the role of a market mechanism, inject new vigor into China's economy and bring about faster and better economic growth.

To attain the goal for 1994 economic control, he said, it is necessary, first of all, to promote the sustained, fast and healthy expansion of China's economy by making full use of the country's rich resources and broadening both domestic and foreign markets.

Second, it is imperative to push forward reforms in key areas such as the introduction of a modern enterprise system and the establishment of a market system with regard to finance, taxation, investment, foreign trade, foreign exchange control, and the supervision and management of state-owned assets.

Third, it is necessary to make sure that the reform, opening to the outside world, economic growth and social stability promote one another.

Chen Jinhua also called for efforts to optimize China's industrial structure, improve management, increase economic returns, and promote well-coordinated social and economic development in China.

The minister predicted that China's gross national product—the value of goods and services produced—will top 3,000 billion yuan (517 billion U.S. dollars) in 1993, up 13 percent over 1992 in real terms.

New steps have been taken this year in various reforms, particularly the reform of the financial structure, in order to facilitate the establishment of a socialist market economic structure, he told the conference.

"We have acquired important experience in using economic means for macro-economic control," he added.

This year China expects to obtain two billion more U.S. dollars in foreign loans than during last year, he said, adding that direct foreign investment in China is expected to shoot up 60 percent in 1993.

World Bank Economist on Economic Situation

HK0312112493 Beijing RENMIN RIBAO in Chinese 29 Nov 93 p 5

[Article by Hua Ercheng (5363 5079 6134), senior economist at the World Bank Representative Office in Beijing: "An Analysis of China's Present Macroeconomic Situation—October 1993"; first paragraph is RENMIN RIBAO editor's note]

[Text] This work report has been drafted by the World Bank Representative Office in Beijing on China's current economic situation. It can be used as reference for comrades engaged in economic theoretical research and practical work.

This article analyzes China's economic development since the Chinese Government implemented the plan to stabilize the economy in early July 1993. This article draws the following conclusion: The results of the measures adopted for economic stability since early July are encouraging. However, the time for easing the restrictions on banking policies is not yet ripe. (Footnote 1) (The analyses in this article are based on the economic statistics of the third quarter of 1993. Unless particularly specified, the growth mentioned in the report is compared with the same month or period of the previous year and refers to the changes in 12 months or four quarters.)

Summary and Conclusion

As the confusion in the financial order became increasingly apparent the pressure from inflation increased further, the growth in investment spiralled out of control, and the value of renminbi depreciated sharply, the Chinese Government adopted resolute measures by the end of June to stabilize the economy. These measures are enumerated in the plan for macroeconomic stability.

Although the plan stressed the necessity to resolve the overheated economic question through fundamental economic reform, the target of the plan in the initial implementation period was to straighten out the confused financial order and lower the investment growth rate within a short period of time.

The short-term means adopted by the plan refer to administrative and economic policies and measures, which include monetary, banking, financial, exchange rate, and management over public investment, with the financial policies occupying a key position. For this reason, the rate of fixed savings deposits was raised at an average of 1.78 percentage points in May, with the highest rate being 2.18 percentage points. The state banks were requested to recall loans which had been lent illegally by mid-August. On the whole, the exercise of stricter financial management stopped the financial organs from covertly carrying out commercial activities, illegally granting loans, and violating the interest rate policy of the central bank. While adopting these measures to recall the funds, the banks in all localities were encouraged to reinvest in capital construction, agricultural departments, and export-related businesses.

Third quarter economic statistics issued recently indicate that the initial results of the macroeconomic stability plan were encouraging. By September, the investment in fixed assets by state units, which increased annually, dropped from 71.5 percent in June to 56.5 percent; by September, the growth in money supply (M1) dropped from 34.2 percent in June to 20.4 percent; during the period June to September, the prices of raw materials, which fluctuated periodically, dropped by 25 percent; and the cost of living indices in 35 cities dropped from 23.3 percent in July to 20.7 percent in September.

Despite this, we have reasons not to be overly optimistic about the situation. There is still great inflationary pressure in the economy. In September, the growth in actual investment was 30 percent; industrial output value was up 20 percent; and currency was up 42.6 percent. Meanwhile, basic currency rapidly increased in September and October. The growth in this year's exports has remained at four to six percent, reflecting the great pressure from demand in the domestic economy.

According to reports, the theoretical circles are holding discussions on the tightening policy and accelerated economic growth. True, the sustained, large scale direct foreign investment has created an optimistic atmosphere. However, **in view of the inflationary pressure in the economy, the time for easing the restrictions on currency**

and introducing a more flexible financial policy is not yet ripe. Under the conditions of continuously and resolutely implementing the policy which ensures stability, it is necessary to step up the reforms of the banking, financial, and exchange rate systems. Through careful deliberation and consideration over the years, extensive and unanimous views on these reforms are taking shape. **With the introduction of these macroeconomic reforms and with the progress made in enterprise reform, the high growth maintained under steady conditions is likely to continue for a long time to come.**

A Complete Set of Policies and Measures

The plan for macroeconomic stability has outlined the framework for a full set of economic stability and readjustment policies and measures. It realized the urgency of applying the macroeconomy to balance the deteriorating questions and put the stress on resuming stability of the financial and foreign exchange market and increasing investment in the transportation departments to ease the transportation bottleneck. Although the short-term objective of this set of policies and measures is to improve the circumstances in the financial departments within a few months, the government must, at the same time, stress the necessity to pursue a package of macroeconomic policies and reforms, resolve the problems of the overheated economy, and avoid an intermittent economic development cycle. Moreover, the government must also emphasize that this set of policies and measures is aimed at readjusting the economic structure rather than comprehensively tightening the policies over finance. Although the policies and measures in the plan are focused on restoring the monetary order, they also include the fields of finance, exchange rates, and government investment.

Banking policy. The interest rate was raised on 15 May and the State Council approved another interest rate raise on 11 July to check the flow of savings deposits. On the basis of the 2.18 percentage points raise in May, the interest rate for savings deposits was raised by an average of 1.72 percentage points. On the basis of the previous 0.82 percent raise the interest rate for loans was raised by an average 1.38 percentage points. The fixed deposits for over three years were a way of hedging against inflation. At the same time, the Finance Ministry raised the interest rate so that 3- year and 5-year treasury bonds issued in 1992 and 1993, were also seen as a hedge against inflation. Moreover, all the banks received instructions urging them to strictly abide by the new stipulations regarding interest rates. They were not allowed to vie with one another in raising interest rates and scrambling for customers.

However, following the two nominal interest readjustments, the actual interest rate for savings deposits was still a negative figure. In August this year, the interest rate for the 3-year fixed deposits was still 2 percentageage points lower than the inflation rate (calculated on the basis of the retail price indexes). Moreover, the raise in interest rate narrowed the difference between bank savings and other investment options. Therefore, bank savings became a more attractive form of savings deposits.

Financial policy. The main purpose of the financial policy guidance is to reduce spending and restore the financial order through prohibiting local governments from exempting tax payments without authority. In terms of principle, local authorities cannot offer tax exemption to any domestic or foreign-funded enterprises. Unless approved by the Finance Ministry, the exemption from the energy and communications fund and budgetary readjustment fund is limited only to enterprises undergoing the reform of separating tax payments from the delivery of profits. In spending, it is necessary to exercise strict management over the administrative outlay of the financial departments and, particularly, to keep institutional purchases, extravagant consumption, and meetings expenses within control. The local authorities received instructions on suspending overdrawn bank accounts and checking all the indiscriminate charges imposed on the peasants and enterprises.

Enterprise investment management. As the large amount of investment by local state units is the main reason for the overheated economy, a successful economic stability plan must try, by every means, to lower investment growth. Moreover, the overall investment level was not the only question discussed. The government was also aware that the investment "structure" (referring to the investment in construction and duplicate manufacturing) constituted a matter for concern. Hence, the government's management measures over investment should be aimed at improving the investment structure as well as keeping overall investment under control.

Because a fundamental reason for the excessive local investment is the ambiguous responsibility of the local state units in investment management, the interest rate raise by the monetary authority is not regarded as an effective means of checking the demand by the state units for investment. Moreover, the dependency on interest rate policy will further increase the burden of the state enterprises, which are already heavily in debt, and will deal them a heavy blow. Therefore, whenever the interest rate is to be raised, the rate on loans should be lower than that of savings deposits. Just as in the efforts made to cool the economy during 1988 and 1989, the government has once again adopted administrative measures to keep investment by state units under control. The difference is that the current measures are not as strict as those adopted on the previous occasion.

The State Planning Commission has called on all localities and departments to reexamine their own investment plans and has particularly urged them to temporarily suspend all new investment projects before the end of the year; slow down or stop projects which do not conform with the state's industrial policies, which do not have "market potential," and which have no clear source of funds; and stop the construction of luxurious office buildings, villas, and racecourses. The investment funds saved through these measures should be granted to the investment projects backed by the state, including infrastructure, agricultural departments, and export-related businesses.

Foreign exchange policy and management. The objective of foreign exchange management is to eliminate speculation in foreign exchange and maintain the order and stability of the foreign exchange market. In order to prevent the foreign trade companies from hoarding foreign exchange for speculative purposes, a provision was made on the longest time limit for the retention of foreign exchange.

Economic Results

Financial departments. The financial measures adopted by the end of July have already checked the deterioration in the financial order, resulting in tightened money supply and credit. By the middle of August, the state banks had recalled around 72.7 billion yuan of indiscreet loans, which were granted through various channels to meet the needs of departments other than the banks. Tightened credit is reflected in the drop in loans granted to enterprises. As these enterprises are short of working capital, they will have to withdraw their savings deposits. During July and August, a total of 44.6 billion yuan in enterprise deposits were drawn from the banks. In September, the strain in enterprise capital was eased somewhat.

The interest rate raises on 15 May and 11 July eventually led to a sharp increase in citizens' savings deposits. The annual growth in the citizens' savings deposits rose from 22.5 percent in June to 27.8 percent in September. As previously mentioned, although the interest rate raise did not bring the interest rates for savings deposits to a positive figure, the devaluation of savings deposits by inflation was brought under control. Viewed from the angle of marginal earnings, bank saving has become a more attractive form than other investment methods which scramble for capital. These facts serve as good reasons for the sharp increase in savings deposits.

During the past three months, the supply of currency has dropped conspicuously. Before the rate of currency supply steadily dropped to 42.6 percent in September, it had reached the highest level of 54.1 percent in June. The rate of M1 growth indicates a drop on a wider scale, from 34.2 percent in June to 20.4 percent in September. The main reason is the decrease in enterprise savings deposits mentioned previously.

The growth in domestic credit by the state banks also slowed down in June, though the drop was far lower than the currency growth. (Footnote 2) (Domestic credit by the special banks and rural credit cooperatives.) Although the growth in credit dropped slightly in July and August, the figure rose again in September because the government injected credit funds into the economy to ease enterprise repayment difficulties. Of the increase in domestic credit of 199.5 billion yuan during the first nine months of this year, the increase in September alone was 53.3 billion yuan, a rise of 26.7 percent. According to statistics, three-quarters of the increased portion were used to meet enterprise demand for working capital. It is not yet known whether the injection of such a large amount of working capital is a temporary measure or a sign of future development. It is necessary to follow this trend closely.

Because of the resumption in the growth of bank savings and of the relatively tight control over credit, the poor repayment capacity of the special banks gradually returned to normal before the implementation of the economic stability measures at the end of June. During the period June and September, the rate of the bank excess reserves and savings (provision for reserve) rose by 2 percent percentage points, reaching 7.2 percent in September. (Footnote 3) (The excess reserve rate includes the banks' cash holdings.)

Financial situation. Since June, the financial condition of the government has been improving rapidly. The financial revenue in July and August increased separately by 20.6 and 30.4 percent against the growth rate of 1.4 percent in the first half of 1993. (Footnote 4) (The government's revenue included the income from the sale of 30 billion yuan of government bonds.) On the other hand, the government's expenditure decreased by 1.4 percent in July and increased by 6.2 percent in August, while the growth rate of government expenditure in the first half of 1993 was 12.5 percent. In the first eight months of 1993, the government enjoyed a financial surplus of 9.7 billion yuan. If the income of 30 billion yuan from the sale of government bonds is deducted from the revenue, then the government incurred a deficit of 20.3 billion yuan.

Up to the end of July, the financial department completed the work of selling to the public 30 billion yuan's worth of three-year and five-year government bonds and this income was used to cover this year's expenditure. However, the 7 billion yuan's worth of financial bonds oriented to the banking institutions could not be fully sold because these institutions lacked needs.

In September, for the first time since 1987, the financial department successfully issued bonds twice in the international capital market. First, it issued five-year Japanese Yen bonds with a face value of 30 billion Yen ($280 million) in the European Yen market with the coupon yield rate [xi piao shou yi 1873 4384 2392 4135] of 4.375 percent. Shortly after that, the Ministry of Finance again issued 10-year bonds—Dragon Bonds—worth $250 million in the Asian Dollar market, and the face value was slightly lower than the former. The coupon yield rate of the Dragon Bonds was 6.125 percent and was 88 basic points higher than that of comparable 10-year U.S. Government treasury bonds. In other words, the actual yield was 6.148 percent. In the course of twice entering the international capital market, the financial department benefited from China's recently raised sovereign debtor status [zhu quan zhai zhu di wei 0031 2938 0280 0031 0966 0143]. (On 11 September, Moody's Company of the United States upgraded China's credit rating for sovereign debts from BAA1 to A3).

Government investment. Since July, the increase in investment in fixed assets has slowed down. The growth rate of investment made by state-owned institutions declined from a peak of 73.7 percent in June to 56.5 percent in September. However, the actual growth rate of investment

made by state-owened institutions in September was estimated at about 30 percent annually, remaining at a high level.

The slowdown in the growth rate of investment in fixed assets in the third quarter affected all types of capital expenditure. Commercial housing construction declined by the largest margin and the growth rate of investment in this field fell from a peak of 143.5 percent in the first half of this year to 26.7 percent in the third quarter. However, commercial housing accounted for only 12.9 percent of the total investment in fixed assets in the first nine months of this year, so its decline did not bring about a marked decline in the growth rate of total investment.

The administrative measures may have helped bring about a turn for the better in the situation. However, the main reason for the slowdown of the increase in investment, lay in the fact that the monetary policy adopted reduced the quantity of available credit funds circulating outside the state-owned banking institutions; this part of the funds supported at least 70 percent of the additional investment in the state-owned sector in the first half of this year.

Retail Business. In the third quarter of this year, the growth rate of the volume of retail sales of consumer goods declined to 23.3 percent from 28.4 percent and the nominal gross decline margin was 5 percentage points. In September, the inflation rate of retail prices was 14.4 percent. Therefore, the actual growth rate of retail sales was about 8 percent.

Output. The growth rate of industrial production declined from a peak of 30.2 percent in June to 19.1 percent in September. In a period of three months, the rate declined by 11.1 percentage points. The decline in the growth rate of industrial production was recorded over a wide scope and was related to enterprises of all ownership types. By comparison, however, the decline margin in state-owned institutions seemed to be bigger than that in other sectors. In September, their output growth rate was 6.8 percent, only half the rate in June. Growth recorded in collective enterprises remained dynamic and the growth rate in this sector reached 30.6 percent. Because the performances of state-owned enterprises were bad, the problem of "debt chains" reappeared and increased.

During the past three months, the output growth rate in the coastal provinces has declined by a margin bigger than the other provinces. These two categories declined by 15.4 and 8.4 percentage points respectively. However, in September, industrial production in the coastal provinces still increased at a rate of 28.3 percent while other provinces only showed a growth rate of 13.1 percent.

The above analysis shows that investment, retail sales, and industrial production all declined during the third quarter. The lower growth rates for these activities related to the gross quantity also found expression in the GDP statistics for the third quarter. The GDP growth rate in the third quarter was estimated at 12.1 percent, a decline of two percentage points from the rate of 14.1 percent seen in the first half of 1993. Putting the two figures together, the growth rate of GDP for the first three quarters of this year should be 13.3 percent, slightly lower than that in the first half of this year.

The foreign-related economic sector. According to customs' statistics, the trade balance during the third quarter continued to worsen. After a trade deficit of $3.6 million was recorded in the first half of this year, another $3.4 billion was added to the trade deficit in the third quarter. The worsening trade balance was caused partly by the continuing active increase in imports and partly by the slowdown of the increase in exports. In the third quarter, imports increased by an average of about 40 percent, while the import growth rate in the first half of this year was just 23.2 percent. (Footnote 5) (As the growth rates of economic activities declined generally, the accelerated increase in imports in the third quarter was rather perplexing. The most tenable explanation was that there was a time lag between when the orders were placed and the imported goods passing through the customs. If this explanation is indeed true, the increase in imports may slow down in the next two quarters.) On the other hand, exports increased by only 6.6 percent in the first nine months of 1993 against 18.2 percent in 1992.

Direct foreign investment increased vigorously. In the first half of this year, the inflow of foreign funds amounted to $9.4 billion, which was 84 percent of the total inflow amount of direct foreign funds for the whole year of 1992. In the third quarter, direct foreign investment continued to increase at a high rate. As a result, the total amount of direct foreign investment in the first three quarters of this year exceeded $15 billion.

In the first half of this year, the foreign exchange reserves in the central bank decreased by $566 million but, by the end of September, the foreign exchange reserves were restored to the level at the end of 1992. In the first half of this year, the foreign exchange reserves held by the Bank of China did not change too much. The materials about the condition of international payments were incomplete, so it is hard to evaluate developments in this aspect. However, so far, the increasing trade deficit has not yet obviously lowered the level of foreign exchange reserves.

After the government adopted the measures to stabilize the economy in early July, the currency exchange rate in the foreign exchange transfer centers immediately appreciated by about 22 percent. (Footnote 6) (The closing price on 6 July was 8.44 yuan to $1 against 10.3 yuan to $1 on 2 July. In June, the national average exchange rate was 10.07 yuan against $1.) With the exception of a very short period in July, the central bank did not carry out large- scale interference in the exchange market in order to support renminbi. In the past two months, the rate in the exchange market [tiao ji shi chang 6148 0495 1579 1034] remained around the level of 8.8 yuan to $1 and no major fluctuations have occurred.

Commodity prices. After price increases reached the peak rate of 52.9 percent in June, the price inflation rate for agricultural and industrial raw materials, which were sensitive to economic cycles, separately declined to 45 percent

and 42 percent in July and August. In the three months, the inflation rate declined to 26 percent. In September, the price inflation rate of final products and services declined for the first time in 1993. The inflation rate in the retail price index declined to 14 percent, and the inflation rate for the cost of living index [sheng huo fei yong zhi shu 3932 3172 6316 3938 2172 2422] declined to 15.7 percent. The inflation rate of the cost of living parity [sheng huo fei yong bi shu 3932 3172 6316 3938 3024 2422] in 35 cities declined to 20.7 percent. The declining increase rate of the currency and the economic activities may have begun to bring about an improved vista of inflation.

Problems and Future Prospects

As this article's analysis shows, the implementation of the macroeconomic stabilization program has begun to achieve results. Since July, many concrete economic and financial indicators have changed from worrisome to gratifying figures. The out-of-control increase in investment in fixed assets has been brought under control. At the same time, production increases have also been slowed down and some serious monetary and financial disorder problems have been corrected. As a result, the increase in money supply has been lowered and the payment conditions in the banks have been improved. The financial balance has become more satisfactory. The value of renminbi has appreciated and has been kept stable at all times. The prices of some raw materials have been lowered. Even the inflation rate for final products and services was lowered in September. Therefore, it is reasonable to believe, with a prudent optimistic attitude, that the worst situation has passed.

However, it should be stressed that actual investment has only declined to a certain degree; the increase rate of money supply remains rather high (in particular, the growth rate of currency is 42.6 percent); and the inflation rate has only declined modestly. Therefore, in September, inflationary pressure remained heavy. The actual investment was still increasing at an annual rate of 30 percent. This may explain why imports increased at such an unbearable annual rate of 40 percent. **The trade balance continued to get worse.** Although the inflation rate declined somewhat, it remained in double digits. **Obviously, no qualitative change has yet occurred in the major indicators and it is still too early to announce the complete success of the stabilization program.** In 1993, the predicted GDP growth rate is between 12 percent and 13 percent and this is not a long-term sustained growth rate suited to China's situation.

The administrative measures constitute a part of the stabilization program but the tightened monetary policy (including the increase in the interest rates) implemented in the past three months has played a main role in improving the situation. The inflation experienced in the late 1980's showed that the increase in money supply had a major impact on the inflation rate and that the inflation rate increased some time after the growth rate of money supply increased. That is to say, the tightened monetary policy being implemented in one quarter could not produce sufficient influence on the inflation rate. If the policy is continuously implemented in the next few months, the possibility of effecting an economic soft landing in 1994 and 1995 will increase greatly.

At present, if the monetary policy is loosened too early, this could spoil the hard-won results in curbing inflation and could even lead to the reappearance of high inflation. This may indicate that it is necessary to continue to adopt sterner measures to restore the monetary order, and to stabilize the macroeconomic situation, and the economy may thus again become bogged down in the vicious cycle of alternate development and stagnation. An even worse consequence is that all this may occur at the key moment of adopting and implementing some major reform measures, which require the guarantee of a stable macroeconomic environment with low inflation. Normally, the credit demand in the economy in the last quarter of a year is larger than at other times. Therefore, the coming few months will be a great challenge to the government, which will have to continue to carry out the tightened monetary policy while facing the increasing shortage of funds and the pressure from enterprises.

The 1994 inflation vista will more strongly affect the price adjustments in the energy and housing sectors. These two major sectors lag far behind the overall process of determining prices by market forces in China. The housing sector may be the only major area of China's economy in which a high degree of subsidized prices (rents) is still being effected. A gradual price adjustment program has been worked out. However, the key issue is that such adjustment should bring about relative price changes in the economy rather than an increase in the overall price level. To achieve this purpose, the adjustment needs support from a corresponding nonexpansive monetary policy.

Another noticeable issue is the quality of the statistics on China's international payments. In particular, many things related to the statistics on capital accounts have yet to be improved. As a deficit has appeared in the trade balance (probably also in the current account balance), the lack of reliable and timely statistics on the amount of capital inflow has become a problem that should arouse serious attention. Economic policymakers must be well aware of the deficit in the current account—this is a natural phenomenon in a developing country—and know how to make up for such a deficit. It is impossible to accurately know about this using the currently available statistics.

State 'To Combat' Illegal Textile Transfers

OW0612125993 Beijing XINHUA in English 1223 GMT 6 Dec 93

[Text] Hangzhou, December 6 (XINHUA)—China will take even tougher measures to combat the illegal transfer of textiles, a leading trade official said today at a meeting in Hangzhou, the capital of eastern Zhejiang Province.

Officials at the third national working conference on cracking down on illicit textile transfers, which opened

today, also announced that punishment has been meted out to five Chinese enterprises that violated the law on textile shipments.

Shi Guangsheng, head of a investigative group on illegal transfers and vice-minister of foreign trade and economic co- operation, said at the meeting that the illegal transfer of textiles is a complicated issue, involving both import and export merchants and brokers.

He said the illegal practice jeopardizes China's quota management and disrupts the market and bilateral agreements signed between China and importing countries.

Illegal sales have caused trade frictions between China and its trade partners, Shi noted.

Illegal textile transfers refer to exporting textile products via a third country or region to countries that limit textile import by evading government textile export quota controls through deception.

China pays consistent attention to cracking down on such illegal practices and has adopted a series of positive measures that have scored some achievements, Shi told the meeting.

He added that the problem has not been solved completely, and called for joint efforts in trade, customs and inspection departments to crack down on the illegal transshipment of textiles.

Government Urges Greater Electricity Generation

OW0412174393 Beijing XINHUA in English 1537 GMT 4 Dec 93

[Text] Beijing, December 4 (XINHUA)—China's State Planning Commission (STC) [as received] has urged "all-out efforts" to ensure the fulfilment of this year's target of the country's power station construction.

"All parties concerned should go out of their way to finish this task to prepare for the continuous, speedy and healthy development of the country's economy in the coming year," said an official of the commission today.

Some 52.9 billion yuan (about 10 billion U.S. dollar) was planned to be invested for the expansion of an 11.4-million-kilowatt generating capacity this year to ease the "bottle-neck" effect on the economy.

The government places more and more emphasis on the development of the power industry, which has failed to catch up with the economic growth since it gained momentum. Of the 150 key projects selected by the state for this year, power projects make up 24 percent.

The official predicted that eventually an 8.4-million-kilowatt generating capacity of coal-fired power and 3.09-million-kilowatt of hydro-power will come into being by the end of this year.

However, he admitted this task has been "strenuous." The shortage of funds caused by illegal diversion of capital by financial institutions, among others, hindered the progress of the power projects which received planned investments on a phased basis, he said.

The STC official said macro-management of the construction of power will be strengthened in the future in order to "produce better results with economical investments."

China expects to add a 16-17 million kilowatt generating capacity to its power grids each year in the five years starting 1995. By 2000, the country's total generating capacity is projected at 285 million kilowatts.

More Enterprises To Be Listed Overseas

HK0512072893 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Dec 93 p 1

[By Ren Kan: "More Enterprises To Be Listed Overseas Next Year"]

[Text] China will continue to list domestic enterprises on overseas exchanges next year in a move to attract more foreign capital.

Some large State enterprises will be listed on Hong Kong exchange, said Zhu Li, a China Securities Regulatory Commission spokesman.

The enterprises involved will mainly come from the fields of energy, transportation and telecommunications.

Although he declined to reveal more about the list, he did confirm the Dongfang Electric Company, Tianjin Bohai Chemical and Jiangsu Yizheng Chemicals will be listed in Hong Kong next year.

China so far has listed six companies on the Hong Kong exchange, including Shanghai Petrochemicals, Tsingtao Brewery, Guangzhou Shipyward, Beiren Printing Machinery and Maanshan Iron and Steel.

Zhu said the country will also seek opportunities to list domestic companies on other overseas exchanges, such as the New York Stock Exchange.

"It has been proven that the overseas listing of domestic firms is an effective way to pool foreign capital," he said.

And it has also been shown that it helps Chinese firms transform their operations into real shareholding firms.

Before they enter the international market domestic firms have to change their accounting system so it meets international standards.

And they usually get help from foreign banks, securities firms, law firms and accounting firms.

So far, foreign investors have shown great enthusiasm in investing in Chinese companies listed abroad.

"As it has been shown to be a good thing, we will continue to do it," he said.

The securities authority has and will firmly support the overseas listing of domestic firms, he said.

But Zhu said the country will take a cautious approach to listing domestic firms instead of rushing headlong into action.

The international capital market is still a new area for most domestic firms, he said, adding the country needs to know more about the overseas legal system and securities markets.

The domestic firms should study the international market closely so they can tell when is the right time to be listed.

"They should base their decisions on market practice, not wishful thinking," he said.

And he stressed that the listing of firms should be under the consolidated management of the State Council Securities Policy Committee.

"Any Chinese firm which wants to be listed on overseas exchanges must get approval from the committee," he reaffirmed.

Any attempt to get around State regulations will be punished, he said.

Zhu denied that the overseas listing of domestic firms will affect the B-share market, which is exclusively for overseas investors.

"The overseas listing just provides another vehicle for foreign inventors to invest in China," he said.

And the performance of the B-share market has proved that the overseas listing has not had any negative effect on the market.

After staying in the doldrums for a long time, the B-share market has enjoyed a good stretch in the past few weeks.

And he said the country is considering measures to revitalize the B-share market, but he declined to give any details.

Foreign Trade Law To Impose Nationwide Policy

MOFTEC Official on Draft Law

HK0512072693 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Dec 93 p 1

[By Xiao Wang: "Impending Law Will Promote Fair Trade"]

[Text] China is hammering out its first foreign trade law as the country's reentry into the General Agreement on Tariffs and Trade (Gatt) looms.

A top official says the impending law will bring major changes to China's current foreign trade regime and mesh it with international practice.

"China has made substantial progress in negotiations on its reentry to Gatt, and the announcement of the law before our access will be of profound significance," Wang Dianguo, director general for Treaty and Law at the Ministry of Foreign Trade and Economic Co- operation (Moftec), told Business Weekly in an interview.

He did not reveal the specific timetable, only saying the draft law has been submitted to the Standing Committee of the National People's Congress, China's highest legislative body, for approval.

The thrust of the law will be "to impose a uniform nationwide foreign trade policy and promote open and fair business," Wang said.

"The law will see to it that foreign trade will mainly be regulated by such economic means as exchange rates, taxation and credit."

A major reform will be the introduction of auctions and public bidding for export quotas, which have been allocated by administrative orders in the past, Wang said.

Only a few commodities will fall under quota controls.

"Both the bidding and auction system must ensure the quotas are used to their best effect," he said.

"The eight-chapter draft law prevents individuals or foreign businesses from setting up foreign trade companies in China," he pointed out.

The conditions for restricting or prohibiting imports and exports of goods are also stipulated in the law.

Detailed lists of such goods will be announced later by the State Council, China's cabinet.

In another move, Wang revealed that China was working on anti- dumping and anti-subsidy regulations.

"We've hammered out the drafts, which are expected to be submitted to the State Council for approval and publication before the end of the year," Wang said.

The regulations in the pipeline are aimed at cultivating the market economy, preventing unfair competition and protecting domestic infant industries, he explained.

Wang also protested against "discriminatory action" adopted by certain countries in imposing anti-dumping measures on Chinese commodities.

He said China should no longer be looked upon as a planned economy. "Our foreign trade is now working on a market basis," he added.

He urged certain countries to consult with China before imposing anti-dumping measures. "We're firmly opposed to their unilateral action."

"If these countries spot a Chinese company involved in dumping, they should punish this company only. They should not impose anti- dumping measures on the whole Chinese commodities," he said.

Wang also said China is reviewing its policies regarding the use of foreign investment.

Some amendments will be made to further benefit foreign investors, he said, but did not elaborate.

He said Moftec is working on a regulation on the establishment of Sino-foreign stock joint ventures.

Approved by State Council

OW0612130493 Beijing XINHUA in English 1222 GMT 6 Dec 93

[Text] Beijing, December 6 (XINHUA)—Chinese Premier Li Peng today presided over the State Council's 13th executive conference, which approved in principle the "Draft Law on Foreign Trade of the People's Republic of China".

Participants at the conference noted that over the past four decades, China's foreign trade has achieved remarkable progress.

Some said that to deepen reforms in China's system of foreign trade, it was necessary to formulate the law on foreign trade.

The law will be helpful in establishing a system of foreign trade under China's socialist market economic structure, ensuring normal order in foreign trade and promoting the development of foreign trade and the national economy, they added.

The group also discussed and approved in principle the "Draft Law on Protection of Investments From Taiwan Compatriots," which is formulated to protect the legal rights and interests of Taiwanese investors on the mainland.

The conference decided to submit the two draft laws to the Standing Committee of the People's Congress for approval after revision.

Column Views Foreign Trade System Reform Plan

HK0512031593 Hong Kong CHING CHI TAO PAO in Chinese No 46, 22 Nov 93 p 33

[From the "China Economic News" column: "Reform of the Foreign Trade System and the Foreign Exchange Management System Is To Be Introduced"]

[Text] The central authorities' plans for reforming the foreign trade system and the foreign exchange management system will soon be presented. An authoritative individual from Beijing's banking circles has revealed that the central decisionmaking tier attaches great importance to these reforms and believes that their success will have a positive influence on the overall situation of the national economy.

The main substance of the foreign exchange management reform is as follows:

—Separate trade from non-trade activity in squaring foreign exchange accounts, doing away with the retention of foreign exchange, and discontinuing the experiment of retaining spot exchange and foreign exchange transfer.

—Merge the official renminbi exchange rate with that on the regulated market.

—Implement limited exchange of the renminbi for foreign currency in trade and non-trade activities.

—Realize a computer network linking all departments of foreign trade, customs, banks and taxation across China on 1 January 1994.

—Strengthen supervision and control over foreign-funded firms entering the foreign exchange regulation market and strictly control foreign-funded firms in exchanging foreign currency with renminbi.

—Augment the management of overseas investment and control over the recovery of foreign exchange derived from exports.

It has been learned that the aforesaid reforms have very positive significance for augmenting the central bank's macroeconomic regulation and control, ironing out renminbi exchange rates as a mechanism is being shaped, promoting import development, controlling the loss of foreign exchange, cutting back financial subsidiaries, and converting the functions of various administrative departments.

New Policies To Encourage Foreign Investment

OW0412071193 Beijing XINHUA in English 0628 GMT 4 Dec 93

[Text] Xiamen, December 4 (XINHUA)—China is working out new policies to encourage foreign investment, an official of the Ministry of Foreign Trade and Economic Co-operation announced here today.

Addressing an on-going investment seminar in this special economic zone in east China's Fujian Province, Jiao Sufen, director of Foreign Investment Department under the ministry, said the central government is working out a package of new investment policies in line with the needs of the market economy to encourage foreign investment.

These policies will maintain the continuity of the present regulations and policies; equalize tax rates for both foreign trade departments and foreign-funded enterprises so as to form a fair competition mechanism; improve the laws and policies for foreign- funded enterprises while reforming the policies concerning foreign currency, imports and exports and prices for raw materials; and combine the reform of foreign-investment policies with the international conventions approved by the General Agreement on Tariffs and Trade (GATT).

Jiao noted that the new policies will also encourage more foreign investment in the central and western parts of China, and in infrastructure facilities, high-tech industry, raw materials industry and export-oriented products.

In addition, the policies welcome new forms of investment, including share-holding, foundations and trust funds.

According to the director, both number of foreign-funded projects and volume of the contractual investments last year exceeded the total for the 1979-1991 period.

The first nine months of this year saw the nation approve more than 62,000 foreign-funded projects involving contractual investment totalling 83 billion U.S. dollars, both surpassing the figures for the whole of last year.

Actual investment last year was equivalent to one half of that of the previous 13 years, and that in the first three quarters of this year climbed to 15 billion U.S. dollars, more than the total of last year.

According to statistics, China had approved the establishment of 150,000 foreign-funded enterprises with contractual investment totalling 192 billion U.S. dollars by the end of September this year. Actual overseas investment reached 50 billion U.S. dollars.

Included were more than 50,000 enterprises that had gone into production. These enterprises employ seven million people.

The director pointed out that foreign investment in China this year is characterized by larger scale, more transnational corporations becoming involved and new investment forms.

Jiao noted that investment in foreign-funded projects this year averaged 1.36 million U.S. dollars, exceeding the average of 1.15 million U.S. dollars last year and 800,000 U.S. dollars in 1991.

The number of countries and regions investing in China rose from 40 in 1991 and 60 last year to over 100 this year.

Among the investors, Hong Kong, Taiwan and Macao rank first, with total investment accounting for more than 60 percent. They are followed by the United States, Japan, and European and Southeast Asian countries.

According to Jiao, China's daily-improving investment conditions have drawn the interest of noted foreign companies, including Motorola Inc., Siemens, Matsushita Electric Industrial Company Ltd, the Citroen Automobile Company and the Bell Telephone Manufacturing Co.

Jiao disclosed that foreign investment has permeated almost all fields ranging from light and textile industries, electronics, telecommunications, elevators, automobiles and kinescopes to the service trades.

A survey report shows that foreign investment in 24 interior provinces, municipalities and autonomous regions now accounts for more than 20 percent of the total foreign investment in the country.

Opening to Outside Will Draw Overseas Investment

OW0512131293 Beijing XINHUA in English 1304 GMT 5 Dec 93

[Text] Beijing, December 5 (XINHUA)—China will broaden its opening to the outside world to draw more overseas investment in the coming year, according to a top official of the state commission for restructuring the economy.

He Guanghui, deputy minister in charge of the State Commission for Restructuring the Economy, made the remark at a national conference on economic reforms today.

He said that China will open more areas along the country's main railways and highways to the outside world following the earlier opening of coastal, border and Chang Jiang River Valley areas. More overseas investment will be directed toward the country's service industries.

China's policies outlined for the areas already open will remained unchanged, but the administration of overseas investment in these areas should be upgraded, He said.

A more favorable investment environment will be created for overseas investors, and legal systems will be improved to protect their interests.

The deputy minister said that China will draw more overseas investment for its infrastructure construction and basic as well as high-tech industries to speed up the technological transformation in large and medium-sized state-owned enterprises.

Investment from large transnational corporations is welcome in the country, He said.

Enterprises in the country should enlarge their capital through issuing shares and securities to overseas investors besides drawing direct investment and loans from overseas.

Meanwhile, procedures should be simplified for overseas investment approval, the deputy minister said.

Official on Plan To Attract Foreign Investment

HK0512072593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Dec 93 P 1

[By Wang Yong: "China Paving The Way For More Foreign Investment"]

[Text] China will see sustained growth in foreign investment next year as a result of fresh reforms in foreign trade, investment, banking, taxation and exchange rate systems, according to a senior official.

"These reforms will enable foreign investors to operate in China in line with international market practice," said Lin Kun, deputy director general of the Foreign Investment Administration at the Ministry of Foreign Trade and Economic Co-operation (Moftec).

He said some new sectors and methods of attracting foreign investment will also be piloted next year.

The retail, aviation, railway, road and insurance sectors are among those that will open wider to foreign investment, he revealed in an interview with Business Weekly.

"Foreign investors will be permitted to run joint venture airlines with domestic partners on a trial basis starting in 1994," he said.

And foreign business will be encouraged to invest in China's commercial airports, except for their air traffic control systems, he said.

"Foreign businesses can also set up joint ventures to run railways or roads and other related projects.

"Moreover, we will encourage foreign investors to develop agriculture, energy, raw materials, export-oriented and technology- intensive projects," he added.

Multinationals are welcome to set up umbrella companies on a trial basis to oversee their local production and sales in China, which will allow them greater market access, he continued.

"Foreign-invested ventures manufacturing raw materials, machinery and electronic products that China has to import will be allowed to sell their products domestically," he said.

China also welcomes international funds and private businesses to invest in China through trustees.

Lin said China will resort more often to the BOT model—build, operate and transfer—in wooing foreign business to invest in local infrastructure projects.

In a related development, he said foreign investment has seen big progress this year.

Latest figures show that China approved 67,766 new foreign-funded projects from January to October, up 101 percent over the same period last year.

Promised foreign investment in these projects reached $90.74 billion, up 139 percent.

The actual input was $17.74 billion, up 142 percent.

The export volume of foreign-funded enterprises amounted to $18.56 billion in the first 10 months, making up 23.7 percent of the country's total.

That compares with $17.36 billion for all of 1992, which accounted for 20.4 percent of China's total exports.

"Foreign investment in China has boomed since Deng Xiaoping made his trip to the south early last year to push for market-based economic reforms," Lin pointed out.

So far, more than 40,000 foreign-funded ventures have started operations in China, employing about 6 million people.

In 1992, actual foreign investment made up 8 percent of China's total investment in fixed assets.

Lin said China will gradually extend preferential policies for foreign investors according to industrial priorities, not geographical differences.

Tax Official: Foreigners To Retain Special Status

HK0512072793 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Dec 93 p 1

[By Wang Yu: "Foreigners To Retain Special Tax Status"]

[Text] China's new uniform income tax rate for domestic and foreign enterprises will not erode the current favourable treatment for the latter, a senior official says.

Zhang Zhongcheng, chief economist of the State Taxation Administration, which masterminds the country's tax reforms, says the income tax rates for the two types of enterprises will be unified at a proper time in the near future.

The unification comes after the introduction of new individual income taxes and turnover tax rates on domestic and foreign enterprises, which take effect on January 1.

Although a specific timetable for a uniform income tax rate on enterprises is not available, a lot of foreign-funded enterprises in China are worried about a possible erosion of their preferential treatment.

At present, foreign-funded enterprises generally have an income tax rate of 24 percent, far below the 55 percent for their Chinese State-run counterparts.

The two rates are expected to converge at 33 percent soon.

Zhang says China will seek to preserve the preferential treatment for foreign-funded enterprises through other measures.

For example, the State could rebate some of the money to those enterprises after levying 33 percent tax on them.

"In this way, we'll ensure the enterprises' tax burden will not worsen after the reform," Zhang explained.

But he says the rebate for foreign-funded enterprises will only be given if these enterprises pay the full tax levied.

Zhang says a uniform income tax rate for domestic and foreign enterprises will help the two compete on an equal footing.

In the past, domestic enterprises have complained about the much higher tax rate they have to pay compared to their foreign counterparts.

But the former have in the past had one advantage: They could repay bank or government loans before paying their taxes—but they will no longer be allowed to do so next year.

Also, China will apply a uniform individual income tax rate on Chinese and foreign taxpayers from next year, but in most cases this will not increase their tax burden.

Chinese and foreigners face the same taxation standard, but their tax ceilings are different.

For a Chinese, an individual has to pay tax if his or her monthly salary and bonus (excluding certain State allowances) surpass 800 yuan ($138).

The taxable income is what is left after a deduction of 800 yuan.

Nine progressive brackets from 5 to 45 percent are applied to different taxable earnings.

The same tax rates apply to foreign taxpayers as well.

What is different is that foreigners' tax base will be calculated after a deduction of much more than 800 yuan—however the ceiling has yet to be decided by the State Council, China's cabinet, in line with the living standards of foreign taxpayers and the changes in the RMB [renminbi] exchange rate.

National Meeting Views Expanding Overseas Projects

HK0412082293 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Nov 93 p 2

[By Zhang Shuzheng (1728 2579 2398): "China Contracts For More Overseas Construction Projects and Widens Labor Cooperation Abroad"]

[Text] Dalian, 21 Nov (RENMIN RIBAO)—A national meeting on carrying out overseas construction projects and labor cooperation being held here revealed that, by September this year, there were more than 300 enterprises in China carrying out specialized or concurrent overseas labor contracts and designing. A total of 42,183 labor contracts of all kinds had been signed, with a total amount of $29.6 billion, concluding business transactions worth $17.8 billion and sending almost 700,000 personnel abroad under labor contracts. China's overseas labor contracts and labor cooperation have spread to 169 countries and regions throughout the world.

Achievements were even more outstanding last year and during the first nine months of this year. Last year 9,240 labor contracts were signed, worth a total amount of $6.58 billion, an increase of 82 percent over 1991. Business transactions totaled $3.049 billion, an increase of 29 percent over 1991. At the end of last year, personnel who were sent abroad under labor contracts totaled 130,000; last year, the number of labor contracts and business transactions hit a record high, as did the number of personnel sent abroad by the end of last year. From January to September this year, the situation was better than last year. Newly signed overseas labor contracts numbered 8,531, an increase of 57.8 percent over the same period of last year; the amount of contracts totaled $4.01 billion; business transactions amounted to $2.7 billion, an increase of 54 percent over the same period of last year. By the end of September, there were 164,000 personnel sent abroad under labor contracts, an increase of 52,000 personnel over the same period of last year.

Now China is widening the field of overseas labor contracts. In the past year, the Ministry of Foreign Trade and Economic Cooperation has delegated to approximately 70 grade-A enterprises the right to design, provide information, carry out prospecting, and exercise supervision and management for foreign countries. China's design and information response service has entered the international market, thus increasing its flexibility in overseas labor contracts. In the meantime, it is also paying attention to developing technology-intensive and management-intensive labor services, thus improving the quality of labor cooperation. Since 1992, in the course of consolidating its relations with the old markets in Singapore, Hong Kong, Macao, Japan, and the ROK, it has also explored new markets in a dozen or so countries, including Cambodia, Israel, Albania, and Ukraine.

In recent years, China's ability has markedly improved in undertaking big projects for foreign countries. The Chinese Fujian International Corporation, the Chinese Zhongyuan Overseas Engineering Corporation, and the Chinese Port and Harbor Construction Corporation have undertaken the construction of a Hong Kong expressway, a power station in Pakistan, and the Macao international airport, each involving a contract amount of $160 million, $560 million, and $620 million, respectively. The Chinese Port and Harbor Construction Corporation, the Chinese Construction Corporation, the Chinese Highway and Bridge Corporation, the Chinese Metallurgy Corporation, and the Chinese Hydropower Corporation have been listed among world top 225 contracting corporations.

In 1994 China will expedite the development pace of overseas construction contracts and labor cooperation. There will be a large-scale increase in newly signed contracts, business transactions, and the number of personnel sent abroad under labor contracts.

Trade Fair Sponsered by Foreign-Funded Firms

OW0612025593 Beijing XINHUA in English 0131 GMT 6 Dec 93

[Text] Xiamen, December 6 (XINHUA)—The second trade fair of export commodities by foreign-funded enterprises, which ended today in Xiamen, in east China's Fujian Province, shows that foreign investment has become an important part of China's economy,

During the trade fair, more than 1,000 foreign-funded enterprises from around the country exhibited thousands of commodities covering more than 20 industrial sectors.

China instituted the policy of opening to the outside world in the late 1970s so as to catch up with the world economic development.

Since then more than 150,000 foreign-funded enterprises have been approved in China, which account for about one percent of the country's gross product and export volume.

Foreign-funded enterprises have participated in the international markets as a part of China's economy.

Over the past decade or so, China has accumulated a lot of experience in the management of foreign-funded enterprises. From the launching of satellites and the manufacturing of aircraft to the construction of railroads and ports, from the establishment of schools to the opening of banks, and from the running of hotels to commercial information services, China has provided various opportunities to foreign investors.

Commodities made by foreign-funded enterprises range from soft drinks to household electrical appliances, and from automobiles to housing.

Statistics show that the majority of the overseas-funded enterprises are profitable and operate well.

When most parts of the world are undergoing slowdown or recession, China is no doubt a good place for investors who are seeking expansion.

The large number of orders placed during the trade fair shows the the flourishing mainland market and the great potential.

Many foreign investors said that they would treasure their chances in China, since the country has recently decided to establish a market economy in coming years.

East Region

Anhui Mines Rejuvenated by Market Economy

OW0512125193 Beijing XINHUA in English 1224 GMT 5 Dec 93

[Text] Hefei, December 5 (XINHUA)—A nearly century-old coalmine in Anhui Province has found a new lease of life—thanks to China's growing market economy.

The Huainan Mine in this East China's province had been beset with problems. Its costs per ton were rising because it needed to dig deeper and deeper to get at the coal reserves—and it suffered from a lack of funds.

But with the expected cancellation of government controls over coal prices next year, the Huainan Mine's value has risen for the policy-makers because of its nearness to East China, where a quickly expanding economy is thirsting for energy.

Though the government has invested heavily to develop coal resources in West China, the relatively lower mining cost there is largely offset by the expensiveness and shortage of means to carry the coals to the developed east.

On the other hand, Huainan is one of the few mines in East China which can produce more than 10 million tons of coal every year. Even if the annual production were raised by a half, experts say, the reserves are still enough for 200 years of mining.

In such a situation, the Ministry of Energy and the provincial government have both said recently that they will increase their investments in the mine.

Getting its name from the fact that it is located on the southern bank of the Huaihe River, Huainan coal mine has produced a total of 370 million tons of coals in its 80 years of history.

The mine underwent a big boost in the 1950s, by the end of which its annual production had risen from a mere 300,000 tons in the 1940s to some eight million tons.

Starting from the 1970s, the central government began to develop the coal on the northern bank of the Huaihe River. Three mines with an annual mining capacity of eight million tons have been put into operation following an investment of 3.4 billion yuan. Another two mines, each with an annual mining capacity of four million tons will still be created.

Also on the northern bank, a local company is now developing a new mining area, where a coal mine producing 900,000 tons each year is already in operation and another one producing 1.5 million tons annually is under construction. By the year 2000, the new area will be able to produce five million tons of coals each year.

On the southern bank, the mining administration is trying to maintain the production of the old area at seven million tons each year. To meet the goal, the expansion of an old mine has been recently finished, raising its annual production from the original 1.8 million tons to more than two million tons.

By all means, the administration hopes that its annual mining capacity will be boosted to 33 million tons by the year 2000 and 40 million tons by 2012.

In another development, the government is also seeking to develop thermal electricity and coal chemical industry in the area, in a bid to build Huainan city into East China's energy industry center in the 21st century.

Anhui TV Station To Inaugurate Program Two

OW0512130693 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 5 Dec 93

[From the "Provincial Hookup" program]

[Text] After more than two years of trial broadcasting, the Anhui Television Station's program two network will be formally inaugurated on 6 December. Closed circuit TV will start on the same day. The Provincial Television Station's Program Two will be broadcast on channel 25. It will mainly broadcast literatary and cultural programs for the time being. Program Two will be broadcast in two periods daily. Open circuit broadcast will be from 1800 to 2100 [0900-1200 GMT] and closed circuit broadcast will be from 2100 to 2300 [1200-1400 GMT] to broadcast movies and TV films and other cultural and sports programs.

Jiangsu Secretary on CPC Documents, Deng's Works

OW0412023193 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 22 Nov 93

[From the "News" program]

[Text] The provincial party committee held a meeting yesterday of responsible people from various cities, provincial organs, and departments to relay and study the guidelines of the Third Plenary Session of the 14th CPC Central Committee. Provincial party committee secretary Chen Huanyou relayed documents of the Third Plenary Session of the 14th CPC Central Committee and made an important speech. The meeting was presided over by Sun Jiazheng, deputy secretary of the provincial party committee. Attending the meeting were Cao Keming, deputy secretary of the provincial party committee; Hu Fuming, Gu Hao, Gao Dezheng, Xu Zhonglin, and (Zheng Bingxing,) members of the standing committee of the provincial party committee; responsible party member-comrades from the provincial people's congress, the provincial people's government, the provincial committee of the Chinese People's Political Consultative Conference, the provincial court, and the provincial procuratorate; secretaries of various city party committees; mayors; and principal responsible comrades of various provincial departments.

Comrade Chen Huanyou said: The Third Plenary Session of the 14th CPC Central Committee was an important meeting for further implementing guidelines set by the

14th CPC National Congress. The "Decision of the CPC Central Committee on Certain Questions Regarding the Establishment of a Socialist Market Economic System" adopted by the meeting has integrated Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics with China's reform and opening up. It has summed up the experience gained in reform and opening up over the past decade or so, has outlined the basic framework of China's socialist market economic system, and has provided the specifics for certain major issues. This is a programmatic document guiding us in accelerating reform and development.

Chen Huanyou urged the vast numbers of party members, cadres, and people in Jiangsu to closely link study of the documents of the Third Plenary Session of the 14th CPC Central Committee with Volume 3 of *The Selected Works of Deng Xiaoping*; conduct investigations and studies according to the missions and measures for carrying out reform stated in the decision, and in conjunction with the actual situations in respective localities and departments; and to put forward concrete measures for implementation on this basis.

Comrade Chen Huanyou said: As we have only one more month to go before the year's end, our tasks in various fields are very heavy. Leaders at various levels should have a good understanding of the situation as a whole and make overall plans so that the work in various fields this year can be accomplished and proper preparations made for next year's production.

Jiangxi 'Paradise' for Indochinese Refugees

OW0412074493 Beijing XINHUA in English 0717 GMT 4 Dec 93

[Text] Nanchang, December 4 (XINHUA)—Rice and bales of cotton are piled high in front of rows of buildings after a good harvest, elderly people sit comfortably in the warm sunlight and children are playing; Fushan state farm in Southeast China's Jiangxi Province has become a paradise for Indochinese refugees.

At the end of the 1970s more than 800 Indochinese refugees moved into Fushan County from Southeast Asia. Their dreams and hopes have been fully rewarded with a happy and peaceful home set up in this little Chinese town two decades later.

With the support and care of the local government, their living conditions have seen a great improvement, especially after the country started the drive for reform and opening-up a dozen years ago.

Enterprises of all kinds have mushroomed on the farm, with an annual increase rate of 40 percent in industrial output.

More and more Indochinese refugees have joined the ranks of those getting rich before others during the process of advancing toward common prosperity, thanks to their hard work and preferential treatment and assistance provided by the local government.

Zhang Xiren, a middle-aged refugee in charge of a branch farm, is among the well-off ones.

His family of four will have a total income of 12,970 yuan (about 2,200 U.S.dollars) this year, made up of salaries, sales of cash crops, and income from their private grocery shop and pig raising.

Two motorcycles, one brand-new, are parked in his backyard. According to Zhang, such motorcycles or even better types are very common here among Indochinese.

In Fushan Indochinese refugees receive all sorts of favorable treatment.

Every year the state farm spends large amounts of money carrying out regular free physical examinations for refugees.

They enjoy a discount of 30 percent in rents and the local government will pay half of the expense if refugees build houses for themselves.

Children of refugees enjoy free education from kindergarten to high school and priority in employment.

To a refugee named He Ruiyuan, it was truly a milestone in his life when his son was admitted to Nanchang University this year.

"I could hardly believe it," he said excitedly, "I never expected this dream to come true. Nobody in my family had ever entered even middle school before in my own country and now my son not only becomes a university student but also receives a monthly allowance from his university."

In perfect harmony with local Chinese residents, Indochinese refugees share both comfort and hardships with them in their joint efforts to seek happiness and build a new home.

The most serious frost in a century at the end of 1991 destroyed all the Mandarin orange trees at the farm, resulting in a huge loss of revenue.

Refugees and local Chinese have made concerted efforts to recover from the disaster during the past two years.

Thanks to these efforts and assistance from the local government, 410,000 Mandarin orange trees have been replanted, with a survival rate of 98 percent.

Fushan is once again covered in green trees upon which golden fruit hangs in clusters.

The newly restored orchards have been highly praised by visiting officials from the office of the U.N. High Commissioner for Refugees.

While the whole country is rapidly advancing toward prosperity, the Indochinese refugees are looking forward to a beautiful tomorrow, a tomorrow that will surely bring more hope and happiness.

Shandong Ranks 2d in Animal Husbandry Production

OW0412095493 Beijing XINHUA in English 0823 GMT 4 Dec 93

[Text] Jinan, December 4 (XINHUA)—East China's Shandong Province reports good results in animal husbandry this year.

According to the official estimate, Shandong's gross production output value in animal husbandry will set a record and top 25 billion yuan this year, ranking second in the country.

A provincial official attributed the good result to the development of households specialized in animal breeding and regional production in line with market needs.

After having another good grain harvest this year, farmers in this coastal province began to raise chickens, ducks, cows and sheep.

Households and villages specialized in raising chickens are mushrooming across rural Shandong, known as one of China's key agricultural producers.

Animal husbandry service centers and veterinary stations have been set up in almost all counties and towns.

In addition, the employment of a share-holding cooperative system and the rise of private enterprises have enlivened livestock breeding.

At present, about 100,000 farmers are displaying their talent in animal breeding.

Reportage on Shanghai Secretary's Activities

Thanks Encyclopedia Compilers

OW0312185793 Shanghai JIEFANG RIBAO in Chinese 28 Oct 93 p 1

[By reporter Gu Mimi (7357 0743 0743): "State Press and Publication Administration Hosts Tea Party To Thank Shanghai for Contributing To Compiling Encyclopedia"]

[Excerpt] The State Press and Publication Administration hosted a tea party in Shanghai yesterday to celebrate the successful compilation and publication of the "Encyclopedia Sinica" [zhong guo da bai ke quan shu 0022 0948 1129 4102 4430 0356 2579].

Before the party, Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, met with all the guests to offer his warm congratulations on the publication of the *Encyclopedia Sinica*—the largest cultural work in contemporary China—and to express his heartfelt thanks to the comrades in Shanghai who had assisted in the book's compilation and publication. He said: The "Encyclopedia Sinica" consists of 74 volumes, covers 66 fields of knowledge, and totals more than 120 million characters. More than 20,000 specialists and scholars spent 15 years compiling the work, which represents a great event in China's publishing history. The publication of the *Encyclopedia Sinica* is a major contribution to the Chinese nation and Chinese culture. I am proud that so many comrades from Shanghai assisted in the book's compilation. I would like to offer my warm congratulations and heartfelt thanks to all comrades who took part in this great project. Comrade Wu Bangguo continued: Shanghai is enjoying an excellent economic situation this year, for the growth in financial revenues has, for the first time, outstripped the increase in the gross municipal product. Economic development has facilitated the development of cultural and publishing services. We cannot develop the economy in the absence of cultural progress. Similarly, we cannot build a culturally advanced and international metropolis in the absence of cultural progress. Along with steady economic development, we should incessantly expand our cultural services, further improve the cultural levels of Shanghai residents, and make fresh contributions to China's cultural development. [passage omitted]

Views Enterprise Reform

OW0512070793 Shanghai People's Radio Network in Mandarin 2300 GMT 22 Nov 93

[From the "Morning News" program]

[Text] Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, pointed out yesterday [22 November]: Shanghai will regard the establishment of a modern enterprise system in 1994 as the objective of deepening reform in enterprises. The key is to establish a system whereby enterprises are regarded as legal persons. By researching on the circulation and combination of their capital, we will strive to invigorate those state enterprises that produce marketable products, that yield good economic results, and that meet the requirements for future development.

At the Yongxing Color Kinescope Company Limited yesterday afternoon, Wu Bangguo held discussions with senior management personnel of the company. He also inspected the production processes in some workshops.

Wu Bangguo said: Under the socialist market economy, enterprises can compete on an equal footing, but only those which are fit can survive. We should improve the distribution of resources through the market so that efficient enterprises can develop rapidly. For those inefficient enterprises, we should give them a new lease of life through merger, reorganization, and even bankruptcy, instead of simply close them down.

Wu Bangguo added: If Shanghai has more than 100 large state enterprise groups for which property (?rights) are linked, we will be invincible under fierce competition in domestic and international markets.

Shanghai Hastens Construction of Free Trade Zone

OW0412124893 Beijing XINHUA in English 1231 GMT 4 Dec 93

[Text] Shanghai, December 4 (XINHUA)—Shanghai has accelerated the pace of building the Waigaoqiao bonded zone in the Pudong New Area.

According to an official at the administrative center of the zone, a framework for a "free-trade zone" has taken shape.

He said that more than 800 enterprises have been set up in the zone. More than 70 percent of the firms use foreign investment,including 2 billion U.S. dollars in direct investment.

Located in the northeast part of Shanghai, the bonded zone is an important part of the development of the Pudong New Area.

As the largest of China's 14 bonded zones, Waigaoqiao aims to develop into a multi-functional district, handling international trade and entrepot trade, along with providing storage facilities, export processing and service trades.

In the first half of the year, its entrepot trade in autos, duplicators and steel was valued at 100 million U.S. dollars.

Nine of 16 buildings planned by the administrative center in the residential section of the zone are under construction.

At present, seven banks and two insurance companies in the zone have opened.

The official said that the zone will include five capital goods markets in the near future.

Shanghai Colleges To Increase Business Enrollments

OW0412021393 Beijing XINHUA in English 0123 GMT 4 Dec 93

[Text] Shanghai, December 4 (XINHUA)—Colleges in Shanghai will enroll more business-related students, in accordance with changes in the city's economic structure, a local higher education official said here today.

The official said that enrollments will be increased for disciplines such as banking, accounting, foreign trade, law, foreign languages and enterprise management.

The higher education authority hopes that by the year 2000, the number of social science students will be equal with that of science and technology students.

The city, now striving hard to regain its position as a banking center of Asia and as the engine of the national economy, is, however, facing an embarrassing shortage of skilled professionals to manage and operate its many new businesses.

The city's 50 colleges now have 120,000 students, among which 70 percent are science and technology students, the official said.

To make it easier for students to cope with a market economy- oriented society, the official indicated that business courses would be made available in science and technology colleges.

He added that actions would be taken to open up new courses, so that many new businesses, such as in housing development, the security market, advertising, tourism and the information industry, will get the professionals they urgently need.

Over the past two years, the official said, colleges in Shanghai have opened more than 20 new courses, including industrial design, finance and banking, and investment studies.

In another development, the colleges are also adding new courses in high technologies such as the development of new materials and telecommunications. They also see to it that the latest science advancements are incorporated into old courses.

Zhejiang Governor Speaks at Rural Work Conference

OW0512073293 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 10 Nov 93

[From the "Provincial News Hookup" program]

[Text] The three-day provincial rural work conference which was held by the provincial agricultural commission ended today. The conference conscientiously relayed and studied the guidelines of the CPC Central Committee's recent rural work conference, and studied concrete measures for deepening rural reform and stabilizing agricultural production in conjunction with Zhejiang's actual situation.

Leading cadres of the provincial party committee and government attached great importance to this conference. Li Zemin, Wang Xueyuan, Liu Feng, Chai Songyue, Wang Xichao, Liu Xirong, Li Jinmin, Lu Zhangong, Liang Tingbo, and Si Daxiao, as well as Xiao Wanjun, deputy director of the Central Policy Research Center of the CPC Central Committee, attended today's conference.

Chai Songyue presided over the meeting this morning. Governor Wang Xueyuan and Vice Governor Liu Xirong separately delivered important speeches at the meeting.

Governor Wang Xueyuan said: While carrying out the guidelines of the conference, all localities must firmly implement various policies and measures and earnestly strengthen their leadership over agricultural and rural works, and never ignore paying attention to agriculture under any circumstances. Top leaders, in particular, must show concern for agriculture and pay personal attention to agricultural and rural works. Leading cadres at all levels in Zhejiang must rekindle their spirit of caring for agriculture and supporting agriculture. They must conduct investigations and study in a big way by going deep into the grassroots units and rural areas to study and solve rural problems. Government departments at all levels must realize the need for protecting peasants' interests and arousing their initiative in production. They must share a common fate with peasants and do everything possible to help peasants make a success of their production and operations so that they can lead a fairly comfortable life as

soon as possible instead of merely having their basic food and clothing problems resolved.

Governor Wan Xueyuan pointed out emphatically: In addition to promoting the use of good seed strains, developing production of quality and high-yielding crops, establishing more village and town enterprises, and expediting urban construction, all localities should proceed from reality and accelerate rural reform and development while attending to their priority assignments.

Vice Governor Liu Xirong made concrete plans for several key rural projects to be launched in this winter and next spring. Liu Xirong said: At present, various localities must do solid work in procuring fall crops and sideline products, make sure purchasing funds are available, and be determined not to issue white slips [IOU's]. At the same time, we should concentrate efforts to develop winter production. We must especially make early plans for building irrigation projects in December. We should concentrate our manpower and material resources so water concervancy construction this winter and next spring will be solidly and effectively launched. Departments in charge of agricultural supplies must do everything possible to overcome difficulties to ensure the supplies needed for agricultural production.

Zhejiang To Be Base for Students Studying Abroad

OW0512135193 Beijing XINHUA in English 1340 GMT 5 Dec 93

[Text] Beijing, December 5 (XINHUA)—Xianju County, a 2,000- square-kilometer area in East China's Zhejiang Province, will become China's first work, research and recreational base for Chinese students studying abroad.

This was announced by Ying Yimin, magistrate of Xianju County, who is the first returned overseas Chinese student to have been elected a county magistrate. Ying, 35, graduated from Zhejiang University in 1982 and received a master's degree from the State University of New York in 1988. He returned to work in Xianju County in 1991 and was elected magistrate of the county in March this year.

Since the policy of reform and opening to the outside world was adopted, Xianju has seen rapid economic development. The county is now the country's largest base for the production of wood arts and crafts. It also has industries in the fine arts, pharmaceuticals, chemicals, machinery and textiles.

Ying Yimin holds that the county's continued development lies in attracting talented people. He has spared no effort to introduce professionally trained people work opportunities in the county. He expressed the hope that more Chinese students studying abroad would show concern with, support and take part in the development of the county.

Zhejiang Town Takes Lead in Wholesale Markets

OW0312065593 Beijing XINHUA in English 0601 GMT 3 Dec 93

[Text] Hangzhou, December 3 (XINHUA)—Yiwu, known as "China's booming town for small commodities", in Zhejiang Province, has taken the lead in turnover among the ten major wholesale markets across the country over the past two years.

According to statistics, local transactions in the first nine months of this year amounted to 2.7 billion yuan, greatly exceeding the total turnover of the whole of last year.

According to He Zhangxing, head of the Yiwu town market management section, the town mainly markets such unattractive goods as shoes, socks, caps and buttons, but its volume of business is snowballing.

Yiwu's economy has been flourishing since 1982, when the market for small commodities came into existence.

Lin Jiechen, deputy chief of the market section of the Zhejiang Provincial Bureau for Industry and Commerce, attributed the success to daily-improving management and service.

"Anyone who visited Yiwu ten years ago and revisited it recently would hardly believe that such a great change has taken place in this previously poor town," Lin noted.

Now a modern 12-story market equipped with computerized information bank, television and advanced program-controlled telephone exchange as well as services including transport, telecommunications, banking, law consultation and quality examination have replaced the worn-out sheds by the roadside which used to be the town's only symbol of commerce.

In addition, the town has set up a market management committee consisting of leading officials of industrial and commercial and taxation departments and public security offices.

Lin said, "better service and management as well as varieties of goods will surely attract visitors from other parts of the country and even from overseas."

According to statistics, Yiwu has 18,000 permanent stalls and receives 150,000 business people a day, an increase of more than two times the 1990 figure and up from less than 200 visitors a day a decade ago.

A sock factory in Yiwu used to send its staff to other parts of the country to promote sales. But it still had stockpiles.

Since it opened sales agencies in the town it has found a ready market, and the supply of its products falls short of the market demand.

A private businessman whose family name is Pan said that he has been working in the market for 12 years running.

"The reason why I prefer it here is because this place is safe and convenient for service and I can make profits," he said happily.

According to He Zhangxing, the town has never had unsalable goods because it sells to the whole country and even neighboring countries.

While selling goods in the Yiwu small commodities market, business people have opened sales agencies and business streets in 27 provinces, municipalities and autonomous regions.

According to the town authorities, Yiwu is expanding its urban area by building more banking, technology and information outlets.

Central-South Region

Guangdong Grain Prices Rise by 'Big Margin'

HK0612020093 Hong Kong WEN WEI PO in Chinese 4 Dec 93 p 5

[Report: "Grain Prices Increase by Big Margin, Guangdong Not To Exercise Control"]

[Text] Guangzhou, 3 Dec (WEN WEI PO)—In response to the recent sharp increase in grain prices in various localities of Guangdong Province, Ji Liqing, director of the Guangdong Provincial Finance Office, recently told reporters that grain supplies should be stabilized according to the laws governing the market economy, so it is inadvisable to adopt such measures as issuing ration coupons, imposing price controls, and blockading the transportation of grain.

According to reports, in late November, retail grain prices in Guangdong increased by an average of 30 percent over the price level in October. The margin of increase in Guangzhou and Foshan was as high as 50 percent. This also led to an increase in the prices of food products made of rice and flour. Mr Ji said that the recent increase in grain prices was caused primarily by the fact that the grain producing areas raised the grain purchase prices and the prices for grain to be transported to other provinces. In addition, a small number of individual grain dealers drove up grain prices. Some people became nervous on seeing this situation and bought more grain than usual, and this also added fuel to the sharp increase in grain prices.

Mr Ji pointed out: The appropriate increase in the grain prices is favorable to narrowing the price scissors between industrial and agricultural products, and to rationalizing the price level of farm produce. However, if the prices increase too sharply and exceed the degree bearable for urban residents, then the situation is abnormal. He said that people should not think that grain must be in short supply because they are seeing price increases. The key to stabilizing Guangdong's grain market lies in acting according to the laws governing the market economy. It is necessary to increase investment in grain production, properly organize the supply sources, replenish reserves in warehouses, and strengthen management over the grain market in order to prohibit some people from driving up grain prices.

Hubei Holds CPC Committee Plenary Session

HK0612023493 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 29 Nov 93

[Text] The enlarged 12th Plenary Session of the Fifth Hubei Provincial CPC Committee was convened in Wuchang 26-28 November. The session was devoted to relaying and studying the spirit of the Third Plenary Session of the 14th CPC Central Committee; working out concrete measures for implementing and carrying out the spirit of the Third Plenary Session of the 14th CPC Central Committee; discussing and arranging for Hubei's work in accordance with the spirit of the central decision; mobilizing party organizations at all levels to rapidly build a socialist market economic structure as well as maintain and promote sustained, rapid, and healthy growth of Hubei's national economy.

On behalf of the provincial party committee standing committee, Provincial Party Committee Secretary Guan Guangfu delivered an important speech at the enlarged plenary session, at which Jia Zhijie, provincial party committee deputy secretary and provincial governor, also delivered a speech on the province's economic work.

Those attending the plenary session included: Hui Liangyu [provincial Chinese People's Political Consultative Conference committee chairman], Qian Yunlu, Zhong Shuqiao, Ding Fengying, Zheng Yunfei, Li Daqiang, Wang Zhongnong [provincial military district commander], Liu Guoyu, Liu Rongyu, Provincial Advisory Committee Chairman Chen Ming, and Han Ningfu, a former central advisory committee member, among others.

The plenary session pointed out: At present, the people of the entire province should conscientiously study and comprehend the spirit of the Third Plenary Session of the 14th CPC Central Committee and should turn a series of strategic decisions made by the CPC Central Committee into conscious action on the part of the broad masses of party members, cadres, and people. They should comprehensively understand the "CPC Central Committee Decision on Several Questions on Building Socialist Market Economic Structure," should grasp both the spirit and essence of the CPC Central Committee decision, and should clearly understand the goals, emphasis, principles, and policies enshrined in the CPC Central Committee decision. Toward this end, it is imperative to study and deepen understanding of the CPC Central Committee decision by focusing on the following areas:

1. Building a socialist market economic structure;

2. Establishing a modern enterprise system;

3. Building a sound market system; transforming government functions; and continuing financial system reform, taxation system reform, banking system reform, investment system reform, and planning system reform;

4. Pushing ahead with income distribution system reform, rural reform, opening up to the outside world, social security system reform, and science and technology system

reform; building a sound legal system; and firmly grasping two aspects of work simultaneously;

The plenary session stated: In order to implement the spirit of the Third Plenary Session of the 14th CPC Central Committee in light of provincial realities, it is imperative to firmly grasp the following five aspects of work:

1. To adhere to the principle of further emancipating the mind and seeking truth from facts. The key to ideological emancipation lies in smashing the trammels of a traditional planned economic structure;

2. To further promote in-depth reform, smoothly implement a series of reform measures laid down by the CPC Central Committee as well as a series of reform measures soon to be promulgated by the State Council, integrate theoretical study with realistic work, and earnestly carry out all seven reforms laid out in the CPC Central Committee decision;

3. To acquire a profound understanding of the motto that development is the last word [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810], correctly handle relations between reform and development, and further enhance a sense of urgency and a sense of responsibility in grasping each and every historical opportunity as it appears;

4. To continually develop the spirit of daring to carry out exploration, do pioneering work, and try out new reform measures while implementing the CPC Central Committee decision and energetically pushing forward reform and opening up at the same time;

5. To learn to firmly grasp two work aspects at the same time under the new circumstances.

The plenary session emphatically called for persistently integrating reform with development and carrying out economic work in a down-to-earth manner, stating: At present, Hubei is enjoying an excellent situation with regard to reform and development, as the province's national economy has embarked on comprehensive growth. While implementing the spirit of the central authorities' decision on stepping up macroeconomic regulation and control, Hubei has also implemented to the letter the CPC Central Committee decision and has registered a sustained, rapid, and healthy national economic growth. Preliminary statistics have shown that Hubei's annual gross national product this year is expected to register a 12.5 percent growth, total industrial output value a 17 percent growth, and total agricultural output value a 5.5 percent growth over last year. Hubei's total annual grain output this year is expected to reach 23.2 billion kilograms, total annual cotton output 425-450 million kilograms, and total annual oil crop output 1.1 billion kilograms. Hubei's total annual township and town enterprises output value is expected to top 80 billion yuan.

The plenary session stressed: The guiding ideology and basic tasks of Hubei's economic work at present and in 1994 are: To conscientiously implement the spirit of the Third Plenary Session of the 14th CPC Central Committee; to seize each and every opportunity to achieve more successes in deepening reform, expanding opening up, optimizing the structure, and raising efficiency while energetically building a socialist market economic structure; to attain the goal of fulfilling Hubei's Eighth Five-Year Plan one year ahead of schedule, as laid down by the provincial party committee and government; and to push Hubei's national economic growth onto a new stage. To this end, leaders at all levels throughout the province should pay close attention to and focus on the following five aspects of work:

1. To redouble efforts to further improve large and medium state-owned enterprises in terms of operation; lay a solid foundation for building a socialist market economic structure; further shift enterprises' operational mechanisms; gradually establish a modern enterprise system known for clearly defined property rights, clear-cut obligations and decisionmaking powers, distinctive functions for government organs and enterprises, as well as scientific management; step up technological transformation among state-owned enterprises to make them produce more quality products and become more capable of market competition; resolutely and comprehensively provide enterprises with decisionmaking powers; attach utmost importance to entrepreneurs who play a key role in improving large and medium state-owned enterprises; give top priority to improving labor productivity; and deal with problematic or loss-making enterprises with resolute measures;

2. To implement to the letter a series of central policies aimed at protecting and improving agriculture and strive to promote comprehensive agricultural and rural economic growth. In 1994, Hubei's rural work should attain the following goals: Maintain total grain output at over 23 billion kilograms and total cotton output at over 500 million kilograms; comprehensively develop a diversified economy and gradually build a pillar industry in rural areas; raising total output value of township and town enterprises to 100 billion yuan; fulfill the provincial three-year plan in a period of two years; significantly increase peasant income; and realize the afforestation of all barren hills;

3. To seize each and every available opportunity to further expand opening up to the outside world, expand multidirectional opening up, promote development and opening up along the Changjiang by developing a Changjiang economic belt with Wuhan as the center, invite more foreign funds and investment, deepen foreign trade system reform, rapidly shift the operational mechanism of various export-oriented enterprises, develop a batch of internationally and comprehensively oriented trading companies as well as enterprises and enterprise groups capable of foreign trade, grant approximately 100 large enterprise groups import and export authority in a period of five years, successfully run 19 provincial-level economic and technological development zones, and give full play to Hubei's role as a window to the outside world;

4. To rapidly develop various big, medium, and small cities and enhance urban economic strength and impact, attach great importance to roles played by intermediate cities as well as medium and small cities, and speed up the pace of urban construction;

5. To redouble efforts to tap latent potential with a view to alleviating the contradictions caused by fund shortages, and to make every possible effort to guarantee a sufficient flow of funds to key projects and agricultural production.

The plenary session maintained: In order to push ahead with reform and opening up, speed up economic construction, and maintain social stability, the party and government leaders at all levels across the province should earnestly try to adapt themselves to the latest developments by developing a new mental attitude, new style, and new train of thought. They should strengthen and improve party leadership in a down-to-earth manner and successfully lead the broad masses of cadres and people in all types of work.

The plenary session stated: Party organizations at all levels in Hubei should vigorously step up ideological building and theoretical education among the broad masses of cadres and should conscientiously study Volume 3 of *Selected Works of Deng Xiaoping*, as well as the CPC Central Committee decision. They should ensure that party committees at all levels will take overall control of work as well as strengthen and improve leadership with a view to building a socialist market economic structure in a down-to-earth manner, should further step up organizational and style building of leading bodies at all levels, and should push ahead with the ongoing anti-corruption struggle. The party organizations should strengthen party leadership over propaganda and ideological work and further step up unified front work so as to attract and unite people from all quarters to contribute to the cause of reform, opening up, and modernization.

The plenary session called on the Hubei people to firmly grasp each and every excellent available opportunity to push forward reform and development, rally more closely round the CPC Central Committee with Comrade Jiang Zemin as the core, unswervingly adhere to the party's basic line for 100 years for come, and successfully carry out all types of work by focusing on long-term benefits. The session urged them to constantly further exploration, bravely forge ahead, do hard work in a down-to-earth manner, and attain the two grand goals outlined by the CPC Central Committee of building a socialist market economic structure and realizing a comparatively well-off livelihood in Hubei.

Southwest Region

Sichuan Secretary Discusses Economic Development

HK0612113393 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 4 Dec 93

[Text] Pages one, two, and three of today's SICHUAN RIBAO carried a list of important articles in Volume 3 of *The Selected Works of Deng Xiaoping*. On page one, the newspaper also carried a report on how the Sichuan CPC Committee Standing Committee is implementing the CPC Central Committee's decision on conscientiously studying *The Selected Works of Deng Xiaoping* and on promoting the two civilizations. The report says that the provincial party committee held the 14th Standing Committee meeting yesterday. Provincial CPC Secretary Xie Shijie chaired and addressed the meeting. He focused on five points: First, development is a fixed principle and efforts should be unswervingly devoted to economic construction. Second, reform and opening up should be upheld to promote economic development. Third, the establishment of the socialist market economic structure should be expedited and productive forces should be further emancipated and developed. Fourth, efforts should be made to do two types of work simultaneously and to provide a stable political and social environment for speedy economic development. Fifth, as the entire country is developing, Sichuan should have greater enterprising spirit.

Tibet Reports Progress in Economic Work

OW0512161793 Lhasa Tibet Television Network in Mandarin 1200 GMT 18 Nov 93

[Announcer-read report; from the "Regional News Hookup" program]

[Text] Since the beginning of this year, governments at various levels in this region have begun discussions among cadres and the masses on emancipating people's minds and changing people's thinking, centering on the general goal of establishing a socialist market economic structure. This has enhanced the people's sense of urgency in accelerating economic development. On the basis of last year's relatively fast development, the economic construction and social work in the region have maintained a relatively good trend.

Progress can be noted in the following seven areas:

1. The region has deepened the reform of the economic structure and has accelerated the pace of a transition to a market economy. Because of the demand to establish a socialist market economy, the region has explored and carried out initial reforms of the management of plans, investment, infrastructure construction, prices, and the labor system. The region has further reduced the scope of the planned economy and has expanded the extent of market regulation. To promote reform, opening up, and economic construction in the region [words indistinct] controls on lumber prices have been removed, and relatively good economic results have been achieved.

2. Governments at various levels have persisted in placing agriculture and animal husbandry in the top position of economic work. They have strengthened leadership over various types of work in agricultural and pastoral areas. The region has reaped a bumper harvest in agricultural production for six years running and has achieved basically the same results in animal husbandry.

3. The region has maintained a relatively good trend in industrial production and transportation work. From January to September, the value of total industrial output was 350 million yuan, an increase of 9.4 percent over the same period last year. The region also promoted the development of posts and telecommunications work. From January to September, the total volume of posts and telecommunications work reached 22.03 million yuan in terms of fees collected, an increase of 10.3 percent over the same period last year. The region has made smooth progress in building various communications facilities. Ground preparation and the installation of equipment and facilities have been completed for more than 50 satellite communications stations at the county level, of which more than 20 stations have been put into operation. Programmed telephone networks with automatic switchboards were completed in Shannan, Xigaze, Ngari, and Qamdo Prefectures.

4. The region has achieved good progress in developing foreign trade and tourism. At present, there are 53 foreign trade enterprises in the region. Five enterprises have rights of ocean trade [yuan yang mao yi quan] and 56 enterprises have established links with foreign trade units. From January to October, the total amount of imports and exports reached $46.43 million, an increase of 122 percent over the same period last year. Tourism has been developing in the region. From January to September, the region received 17,741 tourists from Hong Kong, Macao, Taiwan, and foreign countries, and a related total income of 67.64 million yuan, which increased by 10.8 percent and 0.44 percent, respectively, over the same period last year.

5. The region has made relatively good progress in fixed asset investment with infrastructure construction as the main item. As of the end of August, the construction of the regional color television center and the (Chalong) power station has started. The construction of a runway for (Bamao) airport was completed in September. The region has 17 technological transportation projects. Three projects have been completed, namely the (Yangbajin) thermal power station, the (Erchan) cooling tower, and the Lhasa handicraft art plant's leather processing plant and horn ware sculpture workshop. The technological transformation of the Lhasa thermoelectricity plant and the Lhasa cement plant and other major projects is being stepped up.

6. The region has strengthened tax collection and financial work.

7. The region has strengthened the building of markets. Various prefectures and cities have attached importance to and have promoted the building of markets. Facilities for markets have been improved, thus promoting the circulation and sales of commodities and means of production. There is a prosperous situation i[ ]the market. From January to the end of September, more than 42,000 individual industrial and commercial households and 54 private enterprises were created in the region. From January to September, the total amount of retail sales in the region reached 1,278.61 million yuan, an increase of 8.6 percent over the same period last year.

North Region

Beijing Enterprises Become Stock Companies

OW0412133193 Beijing XINHUA in English 1248 GMT 4 Dec 93

[Text] Beijing, December 4 (XINHUA)—More than 120 enterprises in the Chinese capital have become stock companies this year, bringing the total of stock companies up to 149.

This has marked a substantial progress in the reform of enterprises.

Beijing started such reform eight years ago when the first stock company was born.

The stock companies are mainly in the sectors of industry, commerce, finance, advisory services, taxis and real estate.

The total stock capital of these companies is 9.42 billion yuan, with institutional shares accounting for 96.4 percent and the shares held by natural persons accounting for 3.6 percent. Among them, 28 each boasts a stock capital of over 100 million yuan.

The shares of some companies have been listed in the domestic and Hong Kong Stock Exchanges. More companies will be listed by the end of this year.

There are 18 financial institutions in Beijing to handle transactions of shares and ten of them offer services for trading in stocks of Shanghai and Shenzhen.

Hebei Secretary on Study of Deng's Works

SK0512082293 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 4 Dec 93

[Text] The first study class for principal leading cadres at the prefecture-department level, which lasted for 13 days, concluded on 4 December. Cheng Weigao, secretary of the provincial party committee, delivered a speech at the closing ceremony for the class and stressed that to be a qualified leading cadre, it is imperative to earnestly study Volume 3 of the *Selected Works of Deng Xiaoping*.

Attending the closing ceremony were Li Bingliang, deputy secretary of the provincial party committee, and members of the provincial party standing committee, including Chen Yujie, Zhao Jinduo, and Li Zhanshu.

Han Licheng, member of the provincial party standing committee and director of the propaganda department, presided over the closing ceremony.

Cheng Weigao stressed: We should rely on the theories of Comrade Xiaoping to reinforce our courage and daring and to accelerate the pace in conducting reform, opening, and economic development.

Cheng Weigao pointed out: 1994 is an important year in which the entire country will implement the decision made by the CPC Central Committee with regard to the several questions of establishing the systems of socialist market economy as well as a crucial year in which our country will

promote integrally and break the key problems in conducting reform in the economic systems. In organizing the economic work for 1994, we should pay attention to upholding the principle of applying the party's basic theories and line to taking on the situation as a whole while formulating our guiding ideology. We should also regard as a focal point the work of promoting the establishment of socialist market economic systems so as to successfully organize and bring along the work in various fields. Efforts should be made to regard the upholding of development as a masterly principle and to conduct the leadership work in line with the needs and development of markets. In conducting reform and opening up, we should persistently do a good job in grasping the following two key tasks: 1) Efforts should be made to deepen the reform in rural areas; and 2) efforts should be also made to deepen the reform among the state- owned large and medium-sized enterprises. We should uphold the principle of building material and spiritual civilization simultaneously and gaining achievements in both of them. Efforts should be made to deeply carry out the struggle against corruption and the campaign of consolidating public security in a comprehensive way, to uphold the principle of vigorously grasping the basic work of various industries and trades, and to enhance the training of basic skills needed by the market economy.

Cheng Weigao stressed: The key to whether we can boost the economy and make progress in building both civilizations lies in doing a good job in building the party's basic organizations and particularly building leading bodies. Leading bodies at all levels should continuously do a good job in grasping the construction of ideology and work style. They should vigorously encourage or develop the practice of boldly pioneering a new situation and the mental attitude and work style of vying to create something best, dealing with concrete matters relating to work, and seeking truth from facts. They should also criticize and correct various malpractices such as [words indistinct]. Based on achieving marked achievements in the 1993 work, we must make efforts to create a new situation in reform and opening up by regarding as a motive force the studying of the third volume of Deng Xiaoping's selected works so as to score fruitful results being worthy of the age and which will not let the party and the people down.

Hebei 'Leading Cadres' Conduct Self-Examination

SK0612100593 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 5 Dec 93

[Text] Recently, in accordance with the provincial party committee's relevant regulations on opposing corruption and encouraging administrative honesty, party and government leading cadres at or above the county level in the province have positively conducted self-examination and self-correction through the form of holding democratic activities meetings.

According to statistics of departments concerned, a total of 11,187 cadres have examined themselves and reported their corrupt practices of various kinds, accounting for 54.2 percent of the total participants in this activity. The money involved in cases of violation of discipline amounted to 4.579 million yuan. Of this sum, 1.8 million yuan has already been handed over to the state.

Common cases ferreted out during this activity include the case of refusing to pay charges or paying lower charges in [words indistinct] work; the case of receiving local and special products, cigarettes, alcohol, and other gifts; the case of sending their relatives' children to schools and their jobs through the back door; and the case of forcing subordinate units and enterprises to buy cars. Some cadres have even revealed some deep-rooted problems, such as receiving bribes, practicing fraud, and seeking personal gains.

Through the activity of self-examination and self-correction, the vast numbers of cadres in the province have enhanced their sense of maintaining administrative honesty and self-discipline, and some unhealthy practices have been checked initially.

The provincial party committee demanded that all prefectures and cities should continue to organize democratic activities in meetings focused on administrative honesty, in the course of conscientiously summing up the current activity of self-examination and self- correction in order to affect and mobilize the masses with an upright and honest style of work.

Hebei Chemical Fertilizer Plant Project Approved

SK0612100893 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 5 Dec 93

[Text] The preliminary design for the energy-saving renovation project at Shijiazhuang Chemical Fertilizer Plant, which will use loans from the Asian Development Bank and which is a key project of the province during the Eighth Five-Year Plan period, has received the state's appraisal. Total investment for this project is estimated at 590 million yuan. The Asian Development Bank will grant $39.25 million in loans to this project and advanced technology will be imported from abroad to carry out energy-saving renovation.

Shanxi Reports Two New Aluminum Deposits

OW0512084093 Beijing XINHUA in English 0821 GMT 5 Dec 93

[Text] Taiyuan, December 5 (XINHUA)—Two aluminum deposits with reserves of more than 57 million tons were recently found in North China's Shanxi Province.

They raised the aluminum reserves of the province to more than 800 million tons, about one-third of China's total.

Shanxi also has one-fourth of the country's coal reserves.

The new aluminum deposits were found in Jiaokou County, western Shanxi, and Wutai County, northeastern Shanxi.

These and other deposits are easy to exploit.

The province is now planning to build an aluminum industry center in its northwestern part.

In addition, the Shanxi aluminum plant will have a capacity of 1.2 million tons of aluminum dioxide when its second-phase project is completed. The plant will also be the largest of its kind in Asia.

Tianjin Reports on Sales of Insurance Policies

OW0412122693 Beijing XINHUA in English 1113 GMT 4 Dec 93

[Text] Tianjin, December 4 (XINHUA)—Insurance fees have become a part of many Chinese households as a survey shows that nearly one-third of residents in Tianjin, one of China's largest cities, have bought personal and household property policies.

According to the survey, conducted by the city's social and economic investigation team, some 1.09 million residents have had their household property and lives insured, accounting for 30.2 percent of the total population.

In the first nine months of this year, the average insurance expense per capita stood at 4.59 yuan (0.77 U.S. dollar), a 37.8 percent rise over the same period of last year. To date, nearly 5 billion yuan worth of household property in Tianjin is insured.

Meanwhile, most employees in Tianjin's state-owned and collectively-owned enterprises, as well as in some in foreign-funded companies, have taken out pension insurance policies. Those policies are jointly paid for by workers and their employers. Many self-employed workers have bought individual pension insurance policies.

The survey shows that more and more Chinese are willing to pay for security and welfare, in a change from the old idea that the government would provide relief and subsidies free of charge in case of disasters.

An official from the Tianjin branch of the People's Insurance Company of China said there are two reasons for the boom in insurance business, which was only resumed in China a decade ago.

First, with the improvement in living standards, people have have more income and accumulated property, which is generally valued at over 10,000 yuan (about 1,700 U.S. dollars) per household.

Second, market-oriented reforms have changed the former employment and distribution patterns, greatly increasing opportunities as well as risks. People who are no longer provided welfare by the government have learned to insure against risk.

At present, there are four insurance companies in Tianjin, providing more than 20 types of insurance policies to local residents.

Northeast Region

Jilin Secretary Addresses Forum of Functionaries

SK0412074093 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 3 Dec 93

[Text] On the morning of 3 Decmeber, the provincial party committee held a forum of responsible persons of provincial level democratic party organs and of the Federation of Industry and Commerce and representatives of nonparty persons to solicit their opinions. He Zhukang, secretary of the provincial party committee; Wang Jinshan and Zhang Yueqi, deputy secretaries of the provincial party committee; Su Rong, member of the standing committee of the provincial party committee and secretary general; and (Zhang Tienan), vice chairman of the provincial committee of the Chinese People's Political Consultative Conference and director of the propaganda department, attended the forum.

Responsible persons of the provincial-level democratic party organs and of the Federation of Industry and Commerce and representatives of nonparty persons were invited to the forum. They were Wu Shiduo, chairman of the provincial committee of the Revolutionary Committee of the Chinese Kuomintang; (Sun Xiaoxuan), chairman of the provincial committee of the China Democratic League; Li Guotai, chairman of the provincial committee of the China Democratic National Construction Association; Liang Zhiwen, chairman of the China Association for Promoting Democracy; Yan Hongchen, chairman of the provincial committee of the Chinese Peasants and Workers' Democratic Party; Chen Bingcong, chairman of the provincial committee of the Jiusan Society; (Yuan Baicheng), chairman of the provincial committee of the Taiwan Democratic Self-Goverment League; Li Hongchang, chairman of the provincial committee of the Federation of Industry and Commerce; nonparty person (Xu Ruren), professor of Jilin University; (Cheng Bingtong), deputy director of the provincial Cultural Department; (Zhou Huaixi), deputy director of the provincial Civil Administration Department; and (Lai Weitian), deputy director of the provincial Water resources Department.

Comrade He Zhukang presided over the forum and briefed on the situation of our province's various fields of work. He said: This year marked the first year for the provincial party committee to implement the policy decision. Great achievements have been made in all fields of work in the whole province. The whole situation has been good. We should conscientiously sum up experience in order to more successfully and effectively carry out next year's work. The purpose of inviting you to this forum before the forthcoming second plenary session of the sixth provincial party committee is to listen to your opinions. It is hoped that all of you will freely air your views and offer your opinions and suggestions for the work of next year and in the days to come.

Responsible persons of various democratic parties and of the Federation of Industry and Commerce and respresentatives of nonparty persons took the floor one after another. They fully affirmed our province's achievements in various fields of work. They held that our province has witnessed a rapid development in industrial production and reaped a bumper agricultural harvest despite serious natural disasters; the reform and opening up consciousness of the people across the province has been greatly enhanced; the pace in reform and opening up has greatly accelerated; the provincial leaders' foreign visits and the

province's large-scale activities to invite business and investment have brought great economic results; great changes have been taken place in the whole province; and there are many high buildings and highways criss-crossing the province, giving rise to a thriving scene. They believed that the provincial party committee has made great determination to grasp the building of spiritual civilization, oppose corruption, promote honesty and check unhealthy trends and the random levy of fares, fines and forced donations and achieved noticeable results and that the strategic policy decision proposed by the sixth provincial party congress on building a developed border province near the sea has characteristics. This policy decision has greatly inspired the people across the province and enabled them to recognize the provincial situation again.

During their speeches, the participants also talked freely about the encouraging achievements of our province's educational, art and cultural fronts in winning citations and awards from the state, and fully affirmed and praised our province's reform of the cadres' system. While listening to the speeches on the necessity of building spiritual civilization and the people's dedicated spirit in the course of establishing the socialist market economy, leaders of the provincial party committee frequently chipped in and stressed: The present reform and opening up need all the more the people's hardworking spirit. Next year our province should exert strenuous efforts in reform and comprehensively promote reform of the profit and tax system, banking system, joint investment system, scientific and technological system and foreign economic and trade system, accelerate structural reform, change government functions, actively promote the change of operational mechanism of state-owned large and medium-sized enterprises, gradually establish modern systems, pay attention to selecting the wise and appointing competent personnel, mobilize all positive factors, and more successfully carry out our province's work in all fields.

Comrades Wang Jinshan and Zhang Yueqi expressed warm appreciation for the participants' speeches.

Comrade He Zhukang thanked the participants for offering many good and constructive opinions on behalf of the provincial party committee. He said: Your opinions are very helpful to our forthcoming second plenary session of the sixth provincial party committee. Thank you very much for making positive contributions at your own work posts.

Jilin Reviews Measures To Battle Cadre Corruption

SK0312035693 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 2 Dec 93

[Text] Since the party Central Committee made the important policy decision to launch anticorruption struggle, Jilin Province has adopted a package of measures to maintain the honesty and self- discipline of leading cadres. The provincial party committee has persisted in the measure of paying attention to the work of higher levels to lead that of lower levels, clarify responsibilities, and make each level responsible for the work of the next lower level, thus promoting the improvement of party style and administrative honesty. Through various measures, the provincial party committee as well as party committees at all levels have organized all leading cadres to conscientiously study Comrade Deng Xiaoping's expositions on opposing corruption, Comrade Jiang Zemin's important speech delivered at the second plenary session of the Central Discipline Inspection Commission, the documents of this plenary session, and guidelines of central documents on intensifying efforts to improve party style and administrative honesty. They have made efforts to achieve unity in thinking in four aspects particularly.

First, it is imperative to acquire a profound understanding of Comrade Jiang Zemin's correct estimation of the party's situation. We should note both the party's good situation on the whole to enhance our confidence and the seriousness of corruption to enhance our sense of urgency.

Second, it is imperative to acquire a profound understanding of Comrade Jiang Zemin's expositions on the relationship between the anticorruption struggle and the endeavors of reform, opening up, and economic construction. We should, on the one hand, take economic construction as the central task, persist in reform and opening up, and greatly develop productive forces and, on the other, resolutely carry out the anticorruption struggle and intensify efforts to improve party style and administrative honesty.

Third, it is imperative to acquire a profound understanding of the party Central Committee's plan to score achievements in the near future in the anticorruption struggle for the present stage. We should both regard the anticorruption struggle as a long-term task and be determined to address the current conspicuous problems so as to inspire the people and [words indistinct].

Fourth, it is imperative to acquire a profound understanding of the party Central Committee's requirement on leading cadres at all levels for taking the lead in maintaining honesty and self- discipline. Leading cadres at all levels should, on the one hand, serve well as commanders and leaders in economic construction, reform, opening up, and anticorruption struggle and, on the other, set strict demands on themselves and be good examples in honesty and self-discipline.

After paying attention to [words indistinct] to enhance understanding, the provincial party committee has conscientiously attended to the self-inspection and self-correction of the leading cadres at and above the county and section level aimed at maintaining their honesty and self-discipline. The provincial discipline inspection commission and the organization department of the provincial party committee have issued a circular on holding democratic meetings for party-member leading cadres at and above the county level to discuss honesty and self-discipline, urging leading cadres to conduct self-inspection and self-correction in line with the five regulations of the party Central Committee on leading cadres' honesty and

self-discipline. Leading cadres at all levels have conducted inspections on their own accord and discovered the following major problems.

First, some cadres took the farm, sideline, native, and special products, wine, and cigarettes presented by subordinating units or grass-roots units. Second, when attending the various [word indistinct] and commemorating activities, some cadres took [words indistinct], and a small number of them accepted the credit cards, [words indistinct], deposit receipts, and purchasing certificates presented by monetary departments. Third, in the parties in honor of foreigners, too many guests attended, and the parties exceeded the established standards. Fourth, some cadres provided convenient conditions for the school and job arrangements for their children, relatives, and friends [words indistinct]. Fifth, some cadres purchased for themselves or for their relatives and friends the stocks sold to enterprise staff and members. Sixth, a small number of cadres applied for reimbursement from enterprises for the expenses that should have been paid by themselves and fixed and decorated their houses beyond the set standards at public expense. Seven, some cadres assumed concurrent jobs at enterprises.

In view of the problems exposed during the self-inspection, the provincial party committee urged party committees at all levels to assume their responsibility for making corrections rapidly, with individuals' self-correction as the major method. Regarding the people who fail in self-correction, the organization should [words indistinct] in a corresponding manner.

All leading bodies and leading cadres have made corrections in line with the requirements of the provincial party committee. The 41 cadres who accepted credit cards and spent 13,550 yuan have returned 12,950 yuan. The 350 cadres at and above the county and section level who purchased stocks worth 178,000 yuan for themselves have returned 172,900 yuan worth of stocks. The 50 cadres at and above the county and section level who received reimbursement from enterprises for the expenses they should have paid by themselves, totaling 22,400 yuan, have all returned the money. Those who fixed and decorated their houses beyond the set standards have paid for the excessive expenses. Among the 138 cadres at and above the county and section level who assumed concurrent jobs at enterprises, 108 have resigned from one job. All the 160 cadres at and above the county and section level who participated in establishment of enterprises of villages and townships have [words indistinct].

While emphasizing self-inspection and self-correction, the provincial party committee urged pertinent departments to step up efforts to investigate and handle the corruption and large and serious cases committed by a small number of leading cadres and deal with them strictly.

Liaoning Secretary Addresses Democratic Party Forum

SK0412082093 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 3 Dec 93

[Text] On the afternoon of 3 December, the Liaoning Provincial CPC Committee held a discussion forum of responsible persons of various democratic parties in the province and of the Federation of Industry and Commerce to solicit their opinions and suggestions on Liaoning Provincial CPC Committee's draft discussion report on implementing the decision of the third plenary session of the 14th CPC Central Committee and accelerating the building of the socialist market economic system.

Zhang Chenglun, director of the United Front Work Department of the provincial party committee, presided over the forum. Gu Jinchi, secretary of the provincial party committee, addressed the forum. He said: Holding this forum of responsible persons of various democratic parties and of the Federation of Industry and Commerce is mainly aimed at further soliciting your opinions. Copies of the draft discussion report has been distributed to you all before the forum. In line with this draft report, we will listen to you comrades' opinions on implementing the decision and on the provincial party committee's next step of work. He pointed out: At present, one of the most important issues in the province is how to successfully run large and medium-sized enterprises and how to implement the modern enterprise system. This is the orientation and basic thinking for invigorating large and medium-sized enterprises. The decision has regarded this as a major point. Our province's suggestions have also regarded this as a major point. Besides the invigoration of large and medium-sized enterprises, how to more successfully and rapidly develop township enterprises is also a very important work in the whole province's new economic growing point. If we say the objective of rural work is to center on increasing the net income of peasants, then, the development of township enterprises is a very important guarantee and measure. In addition to helping increase agricultural input and peasants' income, township enterprises will also help transfer manpower and provide conditions for building small towns and promoting intensive farming in the rural areas.

Responsible comrades of the provincial committee of the Revolutionary Committee of the Chinese Kuomintang, the provincial committee of the China Democratic League, provincial committee of the China Association for Promoting Democracy, the provincial committee of the Chinese Peasants and Workers' Democratic Party, the provincial committee of the Jiusan Society, and the provincial Federation of Industry and Commerce, including Zhao Zhao Zhongyu, Gao Qingzhou, Jiang Xiaoqin, Liu Chun, Ma Jiqing, Mo Taiyuan, Long Xianfu, and Ma Pinfang, attended the forum. They all agreed with and supported the opinions of the provincial party committee on implementing the central decision and offered suggestions and opinions on invigorating large and medium-sized enterprises; developing township enterprises; accelerating the building of the market system; promoting reform of the scientific, technological and educational systems; and strengthening the building of socialist spiritual civilization.

Liaoning Party Official Huang Oudong Dies 28 Nov

SK0512082693 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 4 Dec 93

[Text] On the morning of 4 December the leading personnel from the party, government, and army organs and

the mass from various social circles jointly sponsored a service in the provincial people's hospital to pay last respects to the remains of Comrade Huang Oudong. He joined the CPC in 1925 and took part in the [words indistinct] Uprising and the 25,000-li Long March of the Red Army. After liberation, he continuously assumed the principal leading posts of party and government. He was a delegate to the Seventh, Eighth, 10th, 11th, and 12th National CPC Congresses. He was also one of the delegates particularly invited to the 13th and 14th National CPC Congresses as well as an alternate member of the Eighth CPC Central Committee and a member of the 11th CPC Central Committee. At the 12th National CPC Congress, he was elected member of the Central Advisory Commission. Comrade Huang Oudong was a deputy to the First, Second, Third, Fourth, and Fifth National People's Congresses. He took the post of chairman of the First and Fourth Liaoning Provincial Chinese People's Political Consultative Conference [CPPCC] Committees and the post of member of the Fifth National CPPCC Committee. Comrade Huang Oudong died of illness in Shenyang at 1340 on 28 November at the age of 88.

Qian at Taiwan Forum; Talks End, 'One China' Urged

OW0612133693 Beijing XINHUA in English 1135 GMT 6 Dec 93

[Text] Xiamen, December 6 (XINHUA)—The pace of reunification of China should be quickened, according to a meeting which ended here on Sunday.

Speaking at a national forum on Taiwan affairs, held here from December 1 to 5, Wang Zhaoguo, director of Taiwan affairs of the State Council, noted that China firmly opposes the advocates of "Two Chinas" and "One China, One Taiwan", and the independence of Taiwan.

Wang, also vice-chairman of the 8th National Committee of the Chinese People's Political Consultative Conference and head of the United Front Work Department of the Chinese Communist Party, said that China would resolutely safeguard state sovereignty and the country's territorial integrity.

He urged the Taiwan authorities to continue to stick to the principle of "One China", to further remove any man-made barriers and to promote cooperation across the Taiwan Straits in accordance with the interests of the Chinese nation.

He hoped that big strides will be made by the Taiwan side to develop the relations across the Straits and promote the reunification of the country.

The exchange of the mail service, trade and air and shipping services across the Straits should be realized as soon as possible, Wang urged.

Vice-Premier Qian Qichen also spoke at the meeting.

The meeting called on the departments and bodies dealing with Taiwan affairs at all levels throughout the country to unswervingly adhere to the basic principles of "peaceful reunification" and "one country, two systems".

All the relevant departments should conscientiously carry out the various principles and policies on Taiwan affairs formulated by the Central Committee of the Communist Party of China.

Over the past few years, both sides have made efforts to promote such exchanges, which is in conformity with the will of the people of the whole country, including the people in Taiwan, according to the meeting.

Great attention should be attached to promoting the coming and going of personnel and exchanges of all kinds and enhancing economic cooperation across the Taiwan Straits.

"Great hopes are placed on the Taiwan authorities and on the Taiwan people as well," Wang said.

During the meeting, the participants also visited development zones with investment from overseas Chinese in Taiwan.

Commentary Criticizes Pursuance of 'Two-China Policy'

OW0412153893 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 3 Dec 93

[From the "News and Current Events" program; announcer-read commentary by station editor Huang Keren: "Separatism Will Not Enjoy Popular Support"]

[Text] Listeners, in recent years, people have been criticizing what the Taiwan authorities have been doing—in fact they have been promoting two Chinas or one China and one Taiwan. But the Taiwan authorities have always defended their actions.

This time the Taiwan authorities have openly dished out a policy of two Chinas in stages. They have thus removed the cover from their faces to expose their true features as lackeys.

According to the Taiwan press, the Taiwan authorities decided to adopt this policy of two Chinas in stages not long ago in a bid to rejoin the United Nations. At that time it was not officially announced because it provoked controversy within the party. The fact that the Taiwan authorities chose to announce this policy at the time of the Asia-Pacific Economic Cooperation [APEC] forum after Taiwan had failed in its attempt to rejoin the United Nations is by no means accidental. This is the continuation and development of the series of activities carried out in recent years by the Taiwan authorities to promote pragmatic diplomacy and double recognition in a bid to rejoin the United Nations, and to demand that the mainland recognize them as an independent political entity. This shows that people's criticisms of their activities are entirely correct.

The Chinese nation has been known to possess a strong centripetal force and a cohesive force, and anyone who pushes for separatism will not enjoy popular support. The so-called views on two Chinas, one China and one Taiwan, and Taiwan independence have long been forcefully criticized by the people on both sides of the Taiwan Strait. In plotting their two-China policy, the Taiwan authorities had to think over it very carefully. They added two modifying phrases to describe this policy. The first phrase is "with one China as the ultimate objective," and the other is "in stages." However, these two modifying phrases are nothing but a fig leaf which can in no way conceal the essence of their two-China policy.

Because the Taiwan authorities also acknowledge that the separation between the two sides of the strait is temporary and that China will finally be reunified, and because the Taiwan authorities have declared their ultimate objective is one China, why are they pursuing a two-China policy? To put it bluntly, in doing so they are attempting to give the separation between the two sides of the strait a legal status, thereby prolonging it and making it permanent so that it will be easier for them to gain support from foreign forces. This is not promoting the reunification of the two sides of the strait but is rather consolidating the separation between the two sides. At the same time, this action will

help fan the activity for the independence of Taiwan, create an opportunity for foreign forces to interfere in China's internal affairs, and increase greater difficulties to and resistance to the reunification of the two sides of the strait. Therefore, it can be seen that the so- called two-China policy has nothing to do with stages on the road to reunification but rather is one which runs counter to the aim of reunification and which leaves this aim farther and farther behind.

The Taiwan authorities argued that they are doing so for the welfare of the 20 million people of Taiwan. This is just an excuse. Because the policy is for the welfare of the people of Taiwan and because they feared that the policy will provoke controversy on the island, why did the Taiwan authorities openly dish out the two-China policy in stages? Why was the policy assailed by so many people as soon as it was announced?

In fact, the people of Taiwan have suffered all kinds of inconvenience and hardships resulting from the separation between the two sides of the strait. The majority of the Taiwan people are for reunification and against separatist activities for two Chinas, one China and one Taiwan, and Taiwan independence. The Taiwan authorities have declared that everything they do is based on the will of the people, but up to now they have still refused to establish postal links, trade relations, and air and shipping services between Taiwan and the mainland and have still insisted on the three no's policy in disregard of the Taiwan people's desire and interests. This shows that the Taiwan authorities are not sincere about working for the welfare of the people of Taiwan. It is true that they are hindering the reunification of the two sides of the strait to protect their private interests and to retain sovereignty over a part of the country.

Taipei 'Cannot Meet' U.S. Demand for Tariff Cuts

OW0412143593 Taipei CNA in English 1405 GMT 4 Dec 93

[By Sofia Wu]

[Text] Taipei, Dec. (CNA)—The government will not cut tariff rates at the moment, although it has drawn up a four-year tariff reduction plan, a Finance Ministry official reaffirmed Saturday.

Wang Te-huai, director of the ministry's Department of Customs Administration, was commenting on a recent U.S. request that Taiwan immediately lower tariffs on 699 import items.

Wang said the government has formally informed Washington that it cannot meet the U.S. demand to halve tariff rates on so many items at the moment, but is willing to discuss the problem with U.S. authorities next March as part of consultations on Taiwan's entry into the General Agreement on Tariffs and Trade.

The letter sent to American authorities earlier this week indicated that Taiwan's current customs law does not provide the executive branch with unlimited administrative authority to temporarily suspend the application of statutory tariff rates, Wang revealed.

"Our tariffs cannot be automatically lowered until certain conditions are met," Wang said. "We have to consider our own domestic economic situation before making any tariff cut commitment," he added.

"It is usually a time-consuming process to reach a decision on tariff reductions involving so many items because we need to consult with individual enterprises in the affected industries in order to assess how such a decision would impact the domestic economy," Wang noted.

Deputy Director-General Yin Chi-ming of the Industrial Development Bureau said that because most of the 699 items are produced domestically, allowing in the same foreign products at lower tariff rates would prove unacceptable to local industries.

"Even if the government would eventually agree to lower the tariffs on these items in next year's negotiations, the degree of the cut would be much lower than 50 percent," Yin stressed.

Taipei Rejects GATT Request To Open Rice Market

OW0412095393 Taipei Voice of Free China in English 0200 GMT 4 Dec 93

[From the "News" program]

[Text] On Thursday [2 December], Premier Lien Chan and Taiwan Provincial Governor James Soong [Sung Chu-yu] reiterated the government's stand on rejecting the request from GATT members to open Taiwan's rice market.

The ROC [Republic of China] applied for membership in the Geneva-based GATT nearly four years ago. The application is now under review by a GATT working party and it won't be accepted until it has been endorsed by at least two-thirds of all [figure indistinct] GATT member nations. It is difficult to say how Thursday's action by the ROC would effect its GATT application.

Reform of Industry Before GATT Entry Stressed

OW0612111293 Taipei CNA in English 0835 GMT 6 Dec 93

[By Lilian Wu]

[Text] Taipei, Dec. 6 (CNA)—Taiwan's industrial sector will be forced to speed up reforms as Taiwan nears full membership in the General Agreement on Tariffs and Trade (GATT), officials of the Council for Economic Planning and Development (CEPD) said Monday [6 December].

While a GATT task force is reviewing Taiwan's application to become a contracting party in the world trade body, GATT members are increasing pressure on Taiwan, as evidenced by the United States' recent call for Taiwan to cut import tariffs on 699 items, the officials said.

If the GATT Uruguay Round is completed before its Dec. 15 deadline, Taiwan will face even more pressure to open its markets. Taiwan must therefore make adjustments soon, they said.

The officials noted that the industrial, agricultural and service sectors will all be affected by the Uruguay Round accord. The accord will also put pressure on Taiwan for enhanced intellectual property rights protection.

Taiwan imposes a ceiling on the amount of foreign investment, sets the ratio for local production of automobiles and motorcycles, establishes investment incentives and controls the ratio of domestic consumption from export processing zones. Such controls must be reviewed if Taiwan is admitted to GATT, the officials added.

The agricultural sector will also be affected by Taiwan's entry to GATT. Taiwan restricts imports of rice, peanuts, chicken, milk and animal parts. It also imposes more than 50 percent tariffs on imported citrus, grapes, and coconuts as well as provides farm subsidies.

The service industry, including financial, transportation and telecommunications industries must also relax restrictions on foreign investment and ownership, the officials added.

CEPD officials said time for making adjustments is limited and they urged local industries to begin making all necessary preparations for Taiwan's entrance into GATT and to face the trend of global market liberalization.

800,000 Farm Households To Be Affected by GATT Accord

OW0612085493 Taipei CNA in English 0754 GMT 6 Dec 93

[By Lillian Lin]

[Text] Taipei, Dec. 6 (CNA)—More than 800,000 farm households in Taiwan will be affected by a forthcoming meeting of the General Agreement on Tariffs and Trade (GATT).

The GATT Uruguay Round is expected to reach an accord on Dec. 15 which will require all GATT contracting parties to gradually phase out agricultural subsidies and cut import tarrifs and restrictions on agricultural items.

Taiwan, which purchases rice, corn, sorghum and soybeans from domestic farmers at guarantee prices and prohibits the import of some products, is not yet a GATT contracting party, but will also be expected to live up to the accord.

The Council of Agriculture estimated the tariffs cut and lifting of import bans to be called for by GATT will affect 72 farm products with an accumulated market value of NT [new Taiwan]$150 billion (US$5.77 billion).

Tu Chiao-hsia, a researcher at the Chung-Hua Institute of Economic Research, said the structure of Taiwan's agricultural population and its output will make it difficult for farmers to adapt to the new world trade trend. As a result, Tu emphasized the importance of removing barriers in the Taiwan agricultural system.

Island To Develop Role of Export Processing Zones

OW0412100393 Taipei CNA in English 0829 GMT 4 Dec 93

[By Danielle Yang]

[Text] Kaohsiung, Dec. 4 (CNA)—The Ministry of Economic Affairs will promote a plan to develop Taiwan's export processing zones into one link of a proposed Asia-Pacific business operations hub, Vice Minister Yang Shih-chien said Saturday.

Yang made the remarks during a celebration ceremony marking the 27th founding anniversary of the three export processing zones (EPZ).

Yang said the Taichung, Kaohsiung, and Nantze export processing zones have boosted Taiwan's industrial development over the past several years. He added that his ministry will further develop the three EPZs to make them more competitive to multi-national investments.

In 1986, Taiwan's industrial production value totaled US$92.5 billion, Yang said, adding that the total jumped to US$177 billion in 1992.

While industrial sector employees totaled 2.5 million in 1986, the number declined to 2.1 million last year, indicating that fewer workers are being employed to reach higher production values.

According to EPZ statistics, the number of workers in the three zones peaked at 95,000 in 1987. That figure has been dropping every year since, and now stands at 52,715.

The EPZ administration attributed the drop to increasing automation and successful upgrading of Taiwan's industrial structure.

Japan, Hong Kong Trade Said Increasingly Imbalanced

OW0612111393 Taipei CNA in English 0841 GMT 6 Dec 93

[By Debbie Kuo]

[Text] Taipei, Dec. 6 (CNA)— Taiwan's trade with Japan and Hong Kong continues to grow in opposite directions with Taiwan enjoying a large surplus with Hong Kong and the deficit with Japan widening, the Ministry of Finance said Monday [6 December].

Taiwan's trade surplus with Hong Kong is expected to exceed US$16 billion this year, breaking the previous one-country trade surplus record of US$16 billion, recorded in 1987 with the United States.

The surplus hit US$15.34 billion in the first 11 months of this year, up 23.9 percent from the same period a year earlier, customs statistics showed.

However, Taiwan's trade deficit with Japan continues to increase, and is forecast to top US$14 billion this year, a Finance Ministry official remarked.

The deficit totaled US$12.9 billion in the first nine months this year, a 9.9 percent increase over the year-earlier level and larger than the entire annual deficit Taiwan suffered with Japan in 1992.

Meanwhile, the officials said Taiwan's trade surplus with the United States, one of Taiwan's major trading partners, declined over the past two years.

Taiwan's surplus with the US amounted to US$6.26 billion in the Jan.-Nov. period this year, down 14.2 percent from a similar period of 1992.

Taiwan's two-way trade with Europe developed even more differently this year, they said.

Although Taiwan enjoyed a US$1.46 billion trade surplus in the first 11 months of last year, a decline in exports to Europe and increased imports to Taiwan, turned the tables and resulted in a US$650 million deficit with Europe during the same period of this, officials added.

Bank Official Views Possible ASEAN Affiliation

OW0612104193 Taipei CNA in English 0845 GMT 6 Dec 93

[By Lilian Wu]

[Text] Taipei, Dec. 6 (CNA)— President Li Teng-hui will be invited to attend the Asia-Pacific Economic Cooperation (APEC) leadership summit next year in Indonesia, an entrepreneur said here Monday [6 December].

Jeffrey Ku, chairman of the China Trust Commercial Bank, also said the Republic of China [ROC] will have "no problem" joining the Association of South East Asian Nations (ASEAN) as an economic dialogue partner.

Ku just concluded a tour of Southeast Asia, during which he met with Malaysian Prime Minister Mohamad Mahathir, Thailand Deputy Prime Minister Suphachai Phanitchaphak, Former Prime Minister of Singapore Lee Kuan Yew, Indonesia President Suharto and Vietnam Prime Minister Vo Van Kiet.

Hsiao Wan-chang, chairman of the Council for Economic Planning and Development, attended the APEC leadership summit in Seattle in place of President Li this year.

Ku added that Taiwan's intentions to join ASEAN, which groups the Philippines, Malaysia, Indonesia, Thailand, Singapore and Brunei, should proceed smoothly.

"There should be no problem (with membership)," he said.

Group of UN Specialists Visit Taipei

OW0612090893 Taipei CNA in English 0758 GMT 6 Dec 93

[By Danielle Yang]

[Text] Taipei, Dec. 6 (CNA)— A 10-member delegation of United Nations specialists is visiting Taiwan to attend a seminar on Republic of China [ROC] membership in the UN.

The delegation is visiting at the invitation of National Chengchi University's Institute of International Relations. Delegation members include former US Deputy Representative to the UN James Leonard; Chester Crocker, former US assistant secretary for African affairs; John Bolton, former UN assistant secretary for international organizations; and General Indar Rikhye, former UN military advisor.

The UN specialists will discuss the ROC's bid to participate in the UN during a Wednesday [8 December] seminar. The bid has attracted a large amount of attention, both foreign and domestic.

During their stay in Taiwan, delegation members will also meet with Minister of Foreign Affairs Chien Fu, Mainland Affairs Council Chairman Huang Kun-hui, and Vice Foreign Minister Chen Hsi-fan.

The UN delegation arrived in Taipei Sunday and will return to the United States on Dec. 11.

Foreign Ministry Said Lacking Adequate Manpower

OW0612090493 Taipei CNA in English 0801 GMT 6 Dec 93

[By Danielle Yang]

[Text] Taipei, Dec. 6 (CNA)—The Ministry of Foreign Affairs is suffering from a lack of manpower, Vice Minister Huang Hsiu-jih said Monday [6 December].

During a report to the Legislative Yuan's Foreign Affairs Committee, Huang said the ministry's lack of manpower is the result of expanded foreign relations and the unpopularity of overseas service.

An average of 60 new officials are recruited by the ministry each year, however, the number is still far short of ministry needs, Huang added.

The ministry has a total of 558 personnel at 127 overseas posts. This means that an average of 4.4 people work in each office, consulate or embassy of the Republic of China, Huang said.

Huang added that 36 of the smaller offices have only two men—one director and his assistant.

In Taiwan, 821 civil servants staff 23 ministry offices, and often the work load is excessive.

Huang attributed his ministry's increasing manpower deficit to the 40 newly-established overseas offices since 1990 and the resignations of 87 staff members.

Increasing reluctance to serve at an overseas post is also causing personnel problems within the ministry, he explained.

MAC Chief Urges 'Cease-Fire' on 'One-China Issue'

OW0412095893 Taipei Voice of Free China in English 0200 GMT 4 Dec 93

[From the "News" program]

[Text] The top mainland affairs official Thursday [2 December] called for a cease-fire between the two sides of the Taiwan Straits over the controversial one-China issue. He said: It will be more pragmatic to concentrate on resolving practical problems facing Taiwan and Mainland China.

Huang Kun-hui, chairman of the Mainland Affairs Council, was referring to verbal attack by Peking [Beijing] denouncing controversial remarks made by Economics Minister P. K. Chiang in Seattle last month. Chiang spoke at a news conference that Taiwan is adopting a two-China policy in stages [as heard], meaning that the two sides are separate sovereign nations before reunification of Taiwan and Mainland China can occur. Huang stressed that Mr. Chiang's two-Chinas remarks were meant to rebut Communist Mainland Chinese President Chiang Tse-min [Jiang Zemin] and Foreign Minsiter Chien Chi-chen [Qian

Qichen] in Seattle. The two remarked that Taiwan is a province under the People's Republic of China.

Air Force Rescues 29 Mainland Seamen 4 Dec

OW0412100293 Taipei CNA in English 0901 GMT 4 Dec 93

[By Lilian Wu]

[Text] Taipei, Dec. 4 (CNA)—Air Force helicopters rescued 29 mainland Chinese seamen from a Panamanian-registered freighter which ran aground off the western coast of Taiwan early Saturday.

The 15,082-ton freighter, filled with plywood and wheat, was en route to Japan from Kaohsiung when it ran aground.

The freighter ran aground after strong winds pushed it off course. Kaohsiung Coast Guard officials received a distress signal at around 4 a.m. [2100 GMT].

Three Air Force helicopters rescued all 29 crewmen from the freighter. They are being held temporarily in Makong, Penghu.

Hong Kong

Deng Said To Agree PRC, UK Can 'Go Their Own Way'

HK0612083493 Hong Kong LIEN HO PAO in Chinese 5 Dec 93 p 1

["Special feature" by reporter Lin Wei (2651 0251): "Deng Xiaoping Agrees That If Talks Break Down, the Chinese and British Sides Can Each Go Their Own Way"]

[Text] "The British side must bear the full responsibility for all the consequences arising therefrom." This was an almost standardized reaction by Lu Ping, mainland China State Council Hong Kong and Macao Affairs Office director, Foreign Ministry spokesman Wu Jianmin, and the XINHUA NEWS AGENCY to Hong Kong Governor Chris Patten's announcement of his decision to table part of his election proposals in the Legislative Council by 15 December. This indicates that the Chinese side has been well prepared for the situation.

An informed Chinese source said: Since the 17th round of Sino- British talks, the Chinese side has been worried about the lack of progress in the talks. Such being the case, the Chinese side has started making preparations for "setting up another kitchen." The idea has also been endorsed by the Chinese side's supreme leader Deng Xiaoping, who has agreed that the Chinese side must go its own way once Sino-British talks can no longer continue, and that the Chinese can no longer expect that the British will really show any sincerity.

Information has it that the Chinese side has been working to map out a plan on the formation of the first special administrative region [SAR] government to be set up after 1997 and on the selection of candidates for the first chief executive of the SAR. This is an important step the Chinese side has taken toward directly intervening in Hong Kong's constitutional affairs in the wake of the failure of the Sino-British talks on the issue of Hong Kong's constitutional reform.

While mapping out the plan on the SAR government organization, the Chinese side has also set out some criteria for candidates for the future SAR chief executive: 1) The future SAR chief executive must be a Hong Kong Chinese citizen [gang ren 3263 0086] who has some influence among Hong Kong business circles and who has maintained some historical ties with the mainland; 2) this person must maintain a "neutral" status, in other words be neither "pro- British" nor "pro-Chinese," and he must be acceptable to Hong Kong people; 3) this person must have received higher education, and be young and in good health.

There are three years and seven months to go before 1 July 1997. The development of the constitutional system in Hong Kong during this period has now become the "arena" of wrestling for power between China and Britain. The Chinese side is perfectly aware that the British side will not possibly adopt a "cooperative" attitude. Since Sino-British relations have been retrogressing in recent years, the Chinese side's adopting the policy of "setting up another kitchen" implies that Hong Kong will be facing a situation in the next few years in which "each side will go its own way." None of the arrangements approved by the British side or announced by the Hong Kong governor will be recognized by the Chinese side after 1 July 1997. And whether the Sino-British Joint Declaration will still be in effect by that time will depend on the situation of Sino-British relations.

Ensures Hong Kong's Prosperity

HK0612031093 Hong Kong WEN WEI PO in Chinese 6 Dec 93 p 11

[Report: "Someone Quotes Deng Xiaoping as Saying That China Is Determined To Ensure the Realization of One Country, Two Systems Policy"]

[Text] Li Xiuheng, convener of the China Hong Kong Economic and Trade Association, said yesterday: While discussing the question of Hong Kong recently, Deng Xiaoping pointed out that the Chinese Government will resolutely maintain Hong Kong's economic prosperity and ensure the implementation of the "one country, two systems" policy despite the outcome of the Sino-British talks on Hong Kong's structural reform.

According to Li Xiuheng, Zhang Jingan, deputy director of the China State Science and Technology Commission who was once a research fellow at the XINHUA NEWS AGENCY Hong Kong branch and who had taken part in the drafting of the Basic Law for Hong Kong, quoted Deng Nan, vice minister of the State Science and Technology Commission, to this effect when he came to Hong Kong the other day to attend the preparatory work meeting for the "China Hong Kong Economy and Trade Symposium" scheduled for Wednesday.

Li Xiuheng said that Deng Nan's remarks were made before the Hong Kong governor's decision to table his constitutional reform package and the announcement of the decision had nothing to do with the timing of the remarks. As the dispute between China and Britain has become increasingly acute and might affect confidence in commercial circles, this should be regarded as a very important piece of information.

Mao Zedong Pictorial Show Opens in Hong Kong

OW0112155393 Beijing XINHUA in English 1425 GMT 1 Dec 93

[Text] Hong Kong, December 1 (XINHUA)—A five-day pictorial exhibition of the life of the late Chinese leader Mao Zedong opened in Hong Kong today to mark the 100th anniversary of his birth.

On show were more than 260 pictures, illustrating from various angles Mao's life and work in different historical periods. Some of the pictures were made public for the first time.

The exhibition was co-sponsored by the CHINA NEWS SERVICE Hong Kong branch and the Shenzhen Association for Cultural Exchanges With Foreign Countries.

Reports on Electoral Bill Tabling Decision, Reaction

'Unacceptable' Beijing Demand Revealed

HK0412065293 Hong Kong SOUTH CHINA MORNING POST in English 4 Dec 93 p 1

[By political editor Fanny Wong]

[Excerpts] China had sought to impose a condition, tantamount to a veto on all electoral arrangements for the 1995 Legislative Council [Legco] polls, for a signature on an agreement covering the less contentious changes to district and municipal elections, according to Chief Secretary Anson Chan Fang On-sang. Mrs Chan's comments to more than 100 senior civil servants at a special briefing on Thursday [2 December] morning were aimed at explaining Britain's case for not accepting an electoral agreement. But they also provided some insight into the negotiations which have been shrouded in diplomatic secrecy over the 17 rounds.

Mrs Chan told her senior staff that a key reason for the failure in reaching a first-stage accord was that Beijing was prepared to offer a deal contingent upon an understanding that the British side "would take no unilateral action on other issues, such as the voting method for the Legislative Council." She said such a deal was unacceptable because the Hong Kong Government would not have been free to put in place legislative arrangements on those other issues unless there was Chinese agreement on them. Such a demand was interpreted by the British side as tantamount to giving Beijing a veto on the rest of the negotiations.

The Chinese State Council's Hong Kong and Macao Affairs Office (HKMAO) issued a lengthy statement blasting Governor Chris Patten. [passage omitted]

The Governor's spokesman, Mike Hanson, last night hit back at the HKMAO statement saying it was the British side who proposed the talks, made the concessions and suggested the dates for the 18th round of meetings. "It is for the community to judge who has tried hardest to produce an agreement," he said.

Earlier yesterday, the Secretary for Constitutional Affairs, Michael Sze Chocheung, said: "Very often a closed door can be opened. The function of a door is to be opened and closed. I hope that the door, now being closed, can be opened again."

It is understood Mr Patten's decision had the backing of the Executive Council [Exco], with the exception of Tung Chee-hwa, who is also a Beijing-appointed Hong Kong affairs adviser. The only difference is among councillors concerned over the timing of tabling the bill, with some members favouring a speedier pace so that the draft legislation should be gazetted yesterday and introduced to Legco next Wednesday. It was finally agreed to gazette the bill next Friday and it be tabled the following Wednesday.

During her briefing with senior staff only hours before Mr Patten announced the tabling of the partial bill, Mrs Chan indicated that the British side had no choice but to press the legislative button. Mrs Chan was joined by negotiating team members Mr Sze and the political adviser, Robert Pierce, for the meeting with all heads of departments and policy branches and district officers.

She said China's insistence on reserving the right to reinstate the appointment system for the district boards and municipal councils, even if Beijing raised no objection to its abolition before 1997, was unpalatable. The understanding as proposed by China made clear that it was the Chinese side, instead of the future SAR [special administrative region] government, which would re- establish appointed seats. The SAR would only be able to decide on the number of appointed seats to be recreated. This was seen by the British side as calling into question the autonomy of the SAR, as promised in the 1984 Sino-British Joint Declaration.

Senior Executive Councillor Lady Dunn said Exco was fully consulted. On whether Exco would consider bringing the remaining electoral arrangements to Legco if China decided not to have the 18th round, Lady Dunn said the inner-cabinet had yet to deliberate on this point.

HK, Macao Office Spokesman's Statement

OW0312140593 Beijing XINHUA Domestic Service in Chinese 1157 GMT 3 Dec 93

[Text] Beijing, 3 Dec (XINHUA)—On the afternoon of 2 December Hong Kong Governor Chris Patten issued a statement in connection with the 1994/1995 election, declaring that he would gazette his partial legislative bill [li fa cao an 4539 3127 5430 2714] regarding elections in Hong Kong on 10 December and submit it to the Legislative Council [Legco] of Hong Kong on 15 December. In this connection, a spokesman of the Hong Kong and Macao Affairs Office under the State Council issued a statement, the text of which reads:

In disregard of repeated admonitions by the Chinese side, the British Hong Kong authorities have decided to submit the partial legislative bill to Legco before any agreement is reached between the Chinese and British sides. This decision is absolutely unacceptable to the Chinese side.

The Chinese Government has always worked sincerely on the arrangements of the 1994/1995 election and made utmost efforts to reach a final agreement. But, in the course of the negotiations, the British side, showing no sincerity at all and casting aside the long-term interests of the 6 million Hong Kong residents, insisted on the so-called "Patten's constitutional package" which is extremely harmful to the stability and prosperity of Hong Kong. As a result, the negotiations progressed very slowly. To break the deadlock and bring about a breakthrough in negotiations, the Chinese side, as early as during the fourth round of talks, proposed that arrangements for the election of the district boards and the two municipal councils should be discussed and resolved first, because the time for their elections was pressing. The Chinese proposal was rejected by the British on the grounds that a "package" solution should be sought. To push the talks forward, Qian Qichen, vice premier and foreign minister, during his meeting with British Foreign

Secretary Hurd in New York on 1 October, once again put forward the proposal to discuss and solve separately the arrangements for the elections of the district boards and the two municipal councils on the one hand, and Legco on the other. This was the original intention of the Chinese side when it proposed using the method of "separation" and the principle of "solving easy issues first and difficult ones later" to resolve the election issues. But, the proposal was rejected by the British side. Later, although the British side agreed to separating handling of the 1994/1995 election of the district boards and the two municipal councils from that of Legco in 1995, it also set three preconditions for "separate" handling of the elections, demanding that the Chinese must agree to the British proposal on three questions—the age of voters, the method of voting, and the number of appointed seats—in an attempt to set up ring upon ring of obstacles on the question of "separate" handling of the elections. In spite of this, the Chinese side, taking account of the Hong Kong residents' universal desire that the two sides reach an agreement at an early date, made utmost efforts to solve the question of "separate" handling of the elections. At the 15th round of talks, the Chinese side was the first to put forward a proposal on the specific understanding of "separate" handling of the elections.

During their initial discussions of the "separation" issue, the main point of divergence between China and the United Kingdom was whether to retain the appointed seats of the district boards and the two municipal councils. The British side insisted on abolishing them, whereas most district board members and municipal councillors in Hong Kong strongly objected to the idea. Considering the demand of Hong Kong residents, as well as the actual workings of the district boards and the two municipal councils, the Chinese side was of the opinion that the appointed seats, if retained, would help the district boards and the two municipal councils perform their functions better and could be used to compensate for any shortfalls in direct elections. It was of the opinion that retention of those seats would accord with Hong Kong's reality and benefit social stability. For this reason, the Chinese side called for retaining the existing numbers of appointed seats in the district boards and the two municipal councils. Because of the UK's intransigence, China made some compromises and advocated the principle of proceeding in an orderly and progressive manner to reduce the share of appointed seats from more than one-third of the total number of seats currently to approximately one-fourth. The British side, however, remained opposed to the idea.

Under such circumstances, China further proposed, during the 15th round of talks, a mutually acceptable solution aimed at accommodating both sides' stances, seeking compromise, and encouraging both sides to seek common ground while reserving differences and stating their respective views. The British side called for abolishing the appointed seats of the district boards and the two municipal councils during the 1994-95 elections, whereas the Chinese side called for retaining an appropriate number of such seats during the 1994-95 elections to the district boards and the two municipal councils; and letting the Hong Kong Special Administrative Region [SAR] Government decide the numbers of such seats in accordance with Article 98 of the Basic Law after 30 June 1997. In other words, the UK will not create any appointed seats before 1997, leaving the introduction of more such seats to the SAR Government on 1 July 1997. This will help realize the wish of most Hong Kong residents for retaining the appointment system. By doing so, the Chinese side in effect satisfied the British demands on three issues pertaining to the elections to the district boards and the two municipal councils: voter age, voting methods, and the abolishment of the appointment system. An agreement on elections to the district boards and the two municipal councils should have presented no problems at all.

Nonetheless, the British side later complicated the matter by making new demands. It emphasized the need to also apply the voting method based on the "one seat, one vote system"—which is to be adopted in electing the district boards and the two municipal councils—in the 1995 elections to the Legco. It demanded China's acceptance. The Chinese side considered this British demand unreasonable. There are no provisions for adopting the same voting method in elections to the district boards and the two municipal councils, and in the Legco elections. Two different voting methods were used in the 1991 elections. The Legco elections will be held in September 1995. There is time for discussion. There is no need to force the issue of the Legco voting method and solve the two issues together during the current discussion of elections to district boards and the two municipal councils. The Chinese side holds that the matter concerning the voting method to be adopted by Legco can be completely, and should be solved later when the two sides concentrate their discussions on the Legco election. Otherwise, the matter will become complicated.

Chris Patten stressed that Legco has adopted the motion of using "the system of a single vote for a single seat" and owing to this political reason the understanding reached between the Chinese and British sides must include this point. The British side's reason is absurd [huang miu di 6192 6208 4104; repeat, first word huang is 6192, not 5345]. The Hong Kong Legco is Patten's legislative consultative organ. Must the talks between the Chinese and British Governments follow its baton?! [punctuation as received] To the Chinese Government, this is indeed a matter of political principle. As to the so-called "practical reason" mentioned by Patten, who said: "It will take more time if we make legislation twice on the voting system," it is not even worth refuting. We cannot understand why Patten would not spend some more time discussing the important thing, which is related to a smooth transition. We ask the British side: How do you treat the popular wishes of various circles in Hong Kong?

This is the main course of discussion between the two sides on "separating [fen chai 0433 2135]" the voting of the district boards and the two municipal councils. Therefore, people can see the matter of "separating" the two matters went through many twists and turns, and the two sides almost reached a common understanding, but it was

finally ruined by the British side's unreasonable demand on using one voting method for the three-level election. This is the British side's extremely irresponsible attitude toward Hong Kong's smooth transition. Patten also stressed with an ulterior motive that talks on the issue of the political system were proposed by the British side and that they would not leave the discussion table. On first hearing, these were very interesting and beautiful words. However, they could not cover up the British side's intention of unilaterally ending the talks, which was well planned; and the British waited for the opportune moment to go into action! Nevertheless, Patten was mistaken in his calculations. He cannot stick a label on the Chinese side for sabotaging the talks by any means. It would be most appropriate to let Patten stick a label on himself.

As early as February 1993, when the Chinese and British sides were negotiating the political system through diplomatic channels, the British repeatedly used the date of tabling Patten's package as a threat, and the Chinese side was vigilant about this.

On 10 February, Lu Ping, director of the State Council Office for Hong Kong and Macao Affairs, told the British that in light of the situation: It is hoped that the British will be sincere, create a good atmosphere for the talks, and give up the idea of letting Legco discuss the package while holding talks.

On 11 February, Foreign Minister Qian Qichen in his letter to British Foreign Secretary Hurd clearly pointed out: Obviously it will be no good for Sino-British talks if the British let Legco discuss the Hong Kong Governor's so-called "political reform package" in the form of a bill before an agreement is reached by the Chinese and British sides.

On 12 February, during a meeting with British Ambassador Robin McLaren, Director Lu Ping again pointed out: The Chinese side does not want to see the Hong Kong Legco reopen deliberations on the relevant bills while the two sides are holding talks. That would only create difficulties and obstacles to the talks.

On 7 April, during a meeting with Robin McLaren, Vice Foreign Minister Jiang Enzhu was instructed to relay a reply concerning the Chinese side's five-point views in regard to the talks on political reform: "If the British side unilaterally tables its so-called political reform package to the Hong Kong Legco in the absence of an agreement reached between the two sides, this would imply a lack of sincerity on the British side's part towards the talks. This would mean that the talks are discontinued and the Chinese side is not responsible." Shortly after the 16th round of talks was concluded, the British side issued an ultimatum to the Chinese side: it notified the Chinese side that the 17th round would be the last opportunity for the two sides to reach an understanding for the so- called first-stage talks. Sure enough, in spite of the fact that the Chinese side had repeatedly indicated that the two sides should continue their talks, at the 17th round the British side declared unilaterally the termination [zhong zhi 0022 2972] of talks on the elections in 1994 and 1995 of the district boards and the two municipal councils. Facts show that it was the British side that left the negotiating table in a huff [fu xiu er qu 2133 5918 5079 0637]. Now the British Hong Kong authorities have announced that they would gazette part of their so-called political reform package and submit it to the Legco before any agreement is reached by the two sides. The Chinese side had made it clear beforehand that this would mean the complete termination [che di zhong zhi 1796 1646 0022 2972] of the Sino-British talks by the British side. The reason is very clear: the talks between the Chinese and British Governments cannot be controlled by the British Hong Kong Legco! The Legco may pass the single-vote, single-seat system one day and use similar methods on other issues the next day—all to bring pressure to bear on us. Let us ask: How could we continue negotiations under these circumstances? Mr. Patten continued to say that he wanted the talks to continue. Anybody can tell that it is nothing but a hoax. Talks on the basis of a fait accompli performed by the other side—is this what you, Mr. Patten, have repeatedly flaunted as "fair" talks? The Chinese side reiterates that it will never accept any electoral bill passed by the Hong Kong Legco on the elections in Hong Kong in 1994 and 1995 before any agreement is reached between the Chinese and British sides and that China will start a new kitchen after 1997 in accordance with the provisions of Hong Kong Basic Law.

The Chinese Government has always set great store by the long-term interests of the 6 million Hong Kong people and will, as always, work together with Hong Kong compatriots to maintain Hong Kong's stability and prosperity, to ensure a smooth transition of power in 1997 and to implement the Basic Law.

XINHUA Official Cited

OW0312154893 Beijing XINHUA in English 1520 GMT 3 Dec 93

[Text] Hong Kong, December 3 (XINHUA)—China would not accept any decision made by Hong Kong Legislative Council about Governor Chris Patten's political bill if it is tabled to the council.

Zhu Yucheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, said this to reporters at a reception here this evening. The reception was co-sponsored by the Beijing 2000 Olympic Games Bid Committee and the branch to thank Hong Kong people for their support to Beijing's Olympic bid.

Zhu said when the Sino-British talks on the 1994-95 Hong Kong elections started in April, China made it clear that Patten's bill couldn't be tabled to the Legislative Council pending an agreement reached between the two sides.

The British side said it accepted the principle put forward by the Chinese side, but it has acted the other way and sabotaged the talks by creating many obstacles, Zhu said.

Noting that the Chinese side has had great sincerity for the talks from the very beginning, Zhu said that tabling

Patten's bill to the Legislative Council would represent a new proof that the British side has no sincerity for the talks.

Zhu said the Chinese side is determined and confident in maintaining prosperity, stability and economic development in Hong Kong and hopes to separate political issues from economic ones.

The British side would be held responsible if Hong Kong's economy is affected by the tabling of Patten's political bill to undermine the Sino-British talks, Zhu added.

Work Group Urged To Accelerate Plans

OW0312132993 Beijing XINHUA in English 1318 GMT 3 Dec 93

[Text] Hong Kong, December 3 (XINHUA)—Members of the Preliminary Working Group (PWG) for the Preparatory Committee for the Hong Kong Special Administrative Region here today called upon the group to speed up its work to ensure a smooth transition of the territory.

Their responses came shortly after Hong Kong Governor Chris Patten's announcement to gazette and table part of his political reform packages to the Legislative Council on Thursday [2 December].

Leung Chun-ying, a member of PWG, said that it is natural to speed up the work of the preliminary working group as the present atmosphere and the Hong Kong Government's action are not conducive to the smooth transition of Hong Kong.

Leung said that the date of July 1, 1997, a time when China will resume its exercise of the sovereignty over Hong Kong, can not afford to be postponed anyway.

Therefore, the work of PWG must be accelerated in accordance with the Basic Law so that the first government of the Special Administrative Region can be produced smoothly on the advice made by the Preparatory Committee for the Special Administrative Region, which is due to be set up in 1996.

Nellie Fong Wong Kut-man, another PWG member, said that it is very disappointing to see that the British Government has unilaterally decided to table part of the political reform packages to the Legislative Council under the situation where people from various circles hoped that China and Britain could reach an agreement so as to ensure a smooth transition of Hong Kong.

The action taken by the British side showed that it has had no sincerity in continuing talks with the Chinese side, she said, adding that the work of the Preliminary Working Group should be accelerated.

PWG's another member Rita Fan expressed her pity over Chris Patten's partial tabling of the political reform bill to the Legislative Council.

She said that the Chinese side has made concessions time and again such as by agreeing to lower the voting age, abolish appointed seats and use the single-seat-single-vote system in district boards and two municipal councils.

However, she said, the British side has not showed any gratitude to the Chinese side, suggesting that the Preliminary Working Group should discuss the forming methods of the Legislative Council in the Special Administrative Region as soon as possible under this situation.

HK Spokesman: PRC 'Trying To Erode' Autonomy

HK0412063093 Hong Kong AFP in English 0607 GMT 4 Dec 93

[Text] Hong Kong, Dec 4 (AFP)—The Hong Kong government Saturday accused China of seeking to erode the territory's future autonomy and of failing to give a "full and frank account" of Sino- British talks on its future.

The comments of an unnamed government spokesman were in reaction to China's remarks Friday that it would not accept unilateral efforts to extend democracy in the British colony. In late-night statements, China's Hong Kong and Macao Affairs Office (HKMAO) in Beijing had signalled that China would stage fresh elections—based on its own criteria—after it resumes sovereignty of Hong Kong in 1997.

"The Chinese account in the HKMAO statement of the last stage of the talks is far from being a full and frank account," the unnamed Hong Kong spokesman said in a statement.

Sino-British talks on democratic reforms for Hong Kong have failed to reach any agreement despite 17 rounds of bilateral negotiations since April. Hong Kong Governor Chris Patten, frustrated at the lack of progress, announced on Thursday his intention to present his plans for partial electoral reforms to the local Legislative Council on December 15.

Saturday's statement said the Chinese side changed their position in the last two rounds of talks and that "those changes would have had the effect—had we agreed to them—of eroding the autonomy of the SAR (Special Administrative Region—Hong Kong's status after 1997)." The statement added no details, but press reports in Hong Kong suggested that Beijing was seeking a veto on the arrangements for local elections here in 1995, in return for agreeing on some less controversial voting issues, including lowering the voting age.

Patten told reporters on Saturday "the Chinese side moved away from the positions they had taken in the 15th round (of talks). It's sad, but our optimism drained away." He also accused the Chinese of belittling Hong Kong's law-making legislative council: "Neither before 1997 or after 1997 can the Hong Kong and Macao Affairs Office expect to have a rubber stamp legislature."

A Chinese spokesman was quoted Friday by the official Xinhua news agency as saying that Patten's decision to press ahead with partial electoral reforms without China's blessing was "absolutely unacceptable." The spokesman

said Patten's action amounted to "the unilateral termination of the talks by the British side."

China, the statement added, would "start a new political kitchen after 1997"—coded language for a political system that would, in Beijing's view, conform with its mini-constitution for post-1997 Hong Kong, the Basic Law.

A special committee chaired by Chinese Foreign Minister Qian Qichen, which is seen as a potential shadow government in the run-up to 1997, is to meet in Beijing next week to begin work on a post- 1997 government.

On Friday, Patten held Chinese leaders to their word not to harm Hong Kong's livelihood. The colony is China's biggest source of foreign capital, and a strategic portal for much of its trade with the world. "It's extremely important to keep trade and economic issues and politics separate," he said, recalling that Chinese President Jiang Zemin had said as much to U.S. President Bill Clinton when the two met in Seattle last month.

The longer Chinese statement said "has always set great store by the long-term interests of the six million Hong Kong residents." [sentence as received]

Legislators React to Statement

HK0412071293 Hong Kong THE STANDARD in English 4 Dec 93 p 5

[By Michael Smith and Ming Man]

[Text] The dramatic turnaround in the fate of the Hong Kong legislature after 1997 has taken legislators by surprise sparking a mixed reaction of scepticism and outrage. The United Democrats immediately turned the announcement into a victory saying it would boost votes for pro-democracy candidates ensuring the survival of the party after 1997.

Conservative parties said they had not given up hope of further negotiations and reiterated calls not to let a breakdown on the political front affect talks on economic and technical issues. Independent legislator Emily Lau said China was throwing the ultimate "temper tantrum" which would frighten Hong Kong people. "We have very little bargaining power in the face of communism and the People's Liberation Army," Lau said. "If China insists on doing that we will just have to face the reality."

Shocked legislators reacted with surprise and scepticism when contacted by reporters about China's statement last night. Many were sipping wine at an official Legislative Council dinner when China made its statement.

Hong Kong's largest political group, the Liberal Party, reacted cautiously to the announcement saying it had not lost hope for further negotiations. Liberal Party legislator Ronald Arculli said it was difficult to assess China's reaction. "If the British and Chinese governments are going to cooperate on all other issues maybe (we the) politicians will have to run twice in two years," Arculli said.

"What is important is that the transition and handover process carries on and it will be a great pity if we don't have a through- train.

"If you ask me do I still have hope (for further negotiations), I do," Arculli said.

United Democrats legislator Lee Wing-tat urged Governor Chris Patten to introduce his original reform package immediately since the talks were obviously over. The United Democrats has more directly-elected members than any other political party in Hong Kong. "When the United Democrats stand in the 1995 elections we will get more votes because Hong Kong people can see how brutal and suppressive China is," he said.

Earlier this year Chinese officials earmarked outspoken pro- democracy legislators Emily Lau, Christine Loh, Martin Lee, and Szeto Wah to be thrown out of the legislature after 1997. "If Martin Lee and Szeto Wah are allowed to stand in 1997, they will get more votes," Lee Win-wat said. He added that China showed "no sincerity over the talks" and used it as a "delaying tactic".

Association for Democracy and People's Livelihood legislator Frederick Fung called on the two sides to calm down. "Hong Kong has become the scapegoat for the disagreement between the two sides," Fung said. Independent legislator Eric Li said China's action was an "eye for an eye" response to Governor Chris Patten's announcement that he would table a partial constitutional reform bill on 15 December. "The people of Hong Kong will have to brace themselves," he said.

More Response To Electoral Bill Tabling Decision

PRC Representative: JLG Work 'Affected'

HK0512040993 Hong Kong TA KUNG PAO in Chinese 5 Dec 93 p 12

[Report: "Guo Fengmin Says JLG Work Will Inevitably Be Affected"]

[Text] Prior to departing Hong Kong for London to participate in a new round of Sino-British Joint Liaison Group [JLG] meetings yesterday evening, Guo Fengmin, first representative of the Chinese side in the JLG, said that the foundation of Sino-British cooperation has been jeopardized and naturally the work of the JLG would be affected. He added, however, that he was always optimistic about maintaining Hong Kong's prosperity and stability.

Asked by a reporter about whether the new airport project and the franchise for container terminal No. 9 would be affected, Guo Fengmin said that comments on specific issues would have to wait until after the meeting.

When Luo Jiahuan, another member of the Chinese side, was asked whether he was optimistic about the current meetings, he said: "You can answer that simply by looking at the current atmosphere."

Cradock Warns of 'Strain' on Declaration

HK0512061493 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Dec 93 pp 1, 2

[By Danny Gittings, Doreen Cheung, and Dick Chan]

[Excerpts] Former British foreign affairs adviser Sir Percy Cradock has warned that the Joint Declaration will be placed under great strain following Governor Chris Patten's decision to go it alone with a partial electoral bill. In a blistering attack on the Governor's move, the veteran sinologist calls it "a tragedy for Hong Kong", and warns that no one should doubt Beijing will carry out its threat to dismantle the Legislative Council [Legco] in 1997.

However, Sir Percy urges China to hold back from any final response, in the hope that Legco will vote down any political reform package presented to it. "There will now be a rupture. It is futile to argue that the immediate legislation will only be partial and will not tackle the so-called "difficult issues", and that therefore it should not count," he writes in today's SUNDAY MORNING POST. "The resort to unilateral action on any part of the agenda will be regarded by the Chinese as final, as they have made plain." [passage omitted]

Mr Patten declined to comment on Sir Percy's attack. "We believe in freedom of speech. Sir Percy is entitled to his views," said spokesman Mike Hanson. But Mr Patten attacked China's statement that Legco could not be allowed to influence negotiations between the two countries. "Neither before nor after 1997 can the Hong Kong and Macao Affairs Office expect to have a rubber-stamp legislature. I don't think that's what people in Hong Kong want and I don't think that is what anyone should want," he said.

The Governor accused Beijing of putting forward only "a very partial account of what has happened" during recent rounds of negotiations. "It is perfectly true that we looked as though we were making progress in the 15th round," he said. "Unfortunately things went backward after that and the Chinese side moved away from the position they'd taken in the 15th round.

"A lot of people have asked why things were said in the 15th round which were then taken away in the 16th and 17th rounds, or changed substantially."

His remarks brought a swift retort from Beijing, with a Chinese official saying that the Letters Patent and Royal Instructions showed Legco was only an advisory body to the Governor. "It neither represents the people nor acts as a power organ," he said. Britain had also reassured the Chinese side during the drafting of the Sino- British Joint Declaration and the Basic Law that there would be no change to the nature of Legco, the official added.

"Mr Patten himself should know this. He can correct any mistakes made by the Legco who are, after all, only his advisers.

"How can the British side place Legco above the two Governments? How can the discussion between two countries be steered by a local executive authority?" he asked. Instead, Mr Patten was using Legco as a ploy, he said. "What Mr Patten does is simply use Legco to pressurise us, saying that Legco's decision can't be changed.

Asked whether any move taken by Legco to shelve the bill could facilitate the resumption of the talks, he said it had all depended on Mr Patten. "He can also insist on passing the bill even if Legco does otherwise," he said, adding that the Chinese side could only wait for Mr Patten's next move.

Executive Councillors expressed optimism that Sino-British co- operation could continue, despite the present problems over political reform. Speaking in Beijing, Exco member Raymond Chien said he hoped China and Britain could still co-operate in areas other than the political system. "Although the two sides have failed to reach an agreement in certain aspects, it could not rule out everything. You can't say they are not going to reach agreement In other aspects In the future," he said.

Mr Chien rejected a suggestion that stepping up the works in the Preliminary Working Committee for the Special Administrative Region Preparatory Committee (PWC) would undermine the Hong Kong Government's ruling authority.

XINHUA Official: Patten 'Dishonest'

HK0612073693 Hong Kong WEN WEI PO in Chinese 6 Dec 93 p 11

[Report: "Zhang Junsheng Stresses That If the Whole Process of Talks Is Published, It Will Prove that Hong Kong Governor Is Dishonest"]

[Text] Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, yesterday responded to the Hong Kong governor's claim that the statement of the State Council's Hong Kong and Macao Affairs Office was not sincere enough. Zhang Junsheng said: If necessary, the entire process of the talks will be published. He pointed out: The publication of the material will only show that Hong Kong Governor Chris Patten is a very dishonest man.

Zhang Junsheng said: "On 7 April, the British side promised that it would under no circumstances table the political reform package in the Legislative Council [Legco] before an agreement between China and Britain is reached. However, the Hong Kong Governor has made such a decision now, so that the talks cannot be carried on. The British side, Patten himself in particular, should be entirely responsible for this."

Zhang Junsheng expressed the above views during a fund-raising activity of the Hong Kong Girl Guides Association at the Sports College at noon yesterday when he was asked by reporters to comment on the relevant remarks of the Hong Kong Governor.

Zhang Junsheng said: "I believe that you have all read the speech of the Hong Kong and Macao Affairs Office

spokesman. Then, can Mr. Patten tell people clearly which point of the spokesman's speech is insincere? I think if more facts are revealed, they will by no means add any honor to him. Now people can see very clearly that the British side has been lacking sincerity in talks with the Chinese side on the 1994/95 electoral arrangements from beginning to end."

"Last year, disregarding our advice, the British side dished out the political reform package in violation of the 'three accords.' After that, despite a lot of criticism from various quarters including the Chinese side, social personalities in Hong Kong, and even some people of insight in Britain, the British side refused to retract it. It was only under the pressure of public opinion that the British side expressed its willingness to talk with China in February this year. But, when the talks were about to begin through diplomatic contacts on both sides, Mr. Patten gazetted his 'three violations' package on 12 March, so that the contacts for the resumption of talks had to be suspended."

"At the end of March, the British side said that it still wished to resume talks. Hence, Jiang Enzhu, vice minister of foreign affairs, summoned British Ambassador Robin McLaren for a meeting and made a five-point statement to him as follows: 1) The Chinese side is sincere in the talks, and it is hoped that the British side is also. 2) If talks are to resume, the discussions on the 1994-95 electoral arrangements should be conducted in the principle of 'three conformities' that converges with the Sino-British Joint Declaration, the Basic Law, and the agreements and understanding already reached between the two sides. 3) The government on each side shall appoint a representative for the talks, and other participants shall attend the talks in the capacity of experts or advisers. Hence, there is no so-called delegation to the talks. 4) The issue of place and time for the first round of talks shall be decided by both sides through discussion. 5) If the British side unilaterally takes action to table the political reform package in the Legco for discussions before any agreement has been reached between the two sides, it means that the British side wants to terminate the talks unilaterally. When Vice Minister Jiang Enzhu expressed the above stand to McLaren on 7 April, he expressed acceptance at that time. Then, on 12 April, the two sides published a joint communique, and the first round of talks officially started in Beijing on 22 April."

"Patten started stirring up the dispute between China and Britain by dishing out his political reform package last year, and once again disrupted the consultation in March this year. The talks did not begin until he accepted our above statement in April. Up to the present, however, Patten simply has refused to abide by the understanding and agreements reached by China and Britain, including the Sino-British Joint Declaration as well as the understanding and agreements reached by the two sides through diplomatic channels. What is more, he even failed to abide by the agreement just reached this year, as you have noted that up to the present, he has kept on saying there is a British delegation. In his second policy address, he said the British delegation is headed by MacLaren, British ambassador to China, and includes Hong Kong Government officials. Answering members' questions at a Legco session held last Thursday, he again said that there was a British delegation. A very important point in the above statement is that the talks must be conducted on the basis of 'three conformities' in accordance with the principle of converging with the Sino-British Joint Declaration, the Basic Law, and the agreements and understanding reached between the two sides. But, you may check Mr. Patten's speeches during the six months since the talks began to see how many times he has mentioned that the above principle will be taken as the basis of talks. I am afraid there are none. His foundation for the talks is the so- called 'fair,' 'open,' and 'acceptable to the people of Hong Kong.' As everyone knows, the foundation for the talks agreed upon by China and Britain is not this at all."

"More importantly, at that time he promised not to table his constitutional reform package to the Legislative Council before the Chinese and British sides reached an agreement; now why has he made this decision?

"Therefore, if necessary, the entire negotiation process can be announced, not just the 17th round of talks. I believe if this material is announced, it will absolutely not give any glory to him but will only explain that he has never considered problems in the interests of Hong Kong citizens or Britain and that he is a very dishonest man. Therefore, the responsibility for the current talks being unable to go any further is completely on the British side, particularly on Mr. Chris Patten."

A reporter asked if Sir Percy Craddock's judgment was correct in saying that the Chinese side will thoroughly negate Chris Patten's package before [qian 0467] 1997 if China and Britain cannot reach an agreement. Zhang Junsheng said: "The 1994-1995 electoral arrangements need Sino-British consultations and a consensus understanding for the sake of convergence in 1997. This is what we call the 'through train.' This 'through train' was proposed to us by the British side at that time. We accepted it and were of the opinion that if such arrangements could be made, the transition might be a little smoother. Of course, the establishment of the Special Administrative Regional government in 1997 will be completely the Chinese side's own affair. If there is no agreement at all on the 1994-1995 electoral arrangements, how can the British side's current arrangements still be recognized after 1997? This is very clear. So as I see it, Sir Percy Craddock's opinion is correct." When a reporter said that the British side asserted that the Chinese side's stand on retaining appointed seats in district boards and two municipal councils would affect Hong Kong's autonomy, Zhang Junsheng said: "Retaining appointed seats in district boards and two municipal councils is determined by their nature and functions. As all of you are aware, 18 of the 19 district boards in Hong Kong object to the abolition of the appointment system and most municipal council members have also passed a resolution on opposing the abolition of the appointment system. Now there are 441 district board members, and 154 of them jointly wrote a letter opposing

the abolition of the appointment system. I personally received this letter. Apart from those who openly signed, there were also many who objected to the abolition of the district board appointment system but did not sign. In the community, there are more people who object to the abolition of the appointment system. Since so many people object to it, why does he want to abolish? We have made a significant concession on this: If you insist on abolishing it, you can abolish the 1994-1995 appointments to district boards and the two municipal councils, and in 1997 the Special Administrative Regional Government will consider whether to restore them or not."

Zhang Junsheng continued: "What is even more ridiculous, yesterday Chris Patten confused the pre-1997 Legislative Council with the post-1997 Legislative Council. I do not know whether he wants to deceive some Hong Kong citizens or whether he does not even have the slightest knowledge. In the pre-1997 period, Britain sent a governor to exercise colonial rule in a territory it has forcibly occupied, and he is playing this role. This will be entirely different from a highly autonomous special administrative regional government under direct jurisdiction of the central government belonging to Chinese sovereignty. He went so far as to say that the pre-1997 Legislative Council, which is his legislative advisory institution, is entirely the same as the post-1997 Legislative Council. As I believe, no one with any political knowledge will be deceived by this. If pre-1997 is the same as post-1997, I would like to ask if Mr. Chris Patten will have the opportunity to come to Hong Kong to be governor again."

Effort To 'Mislead' Public Alleged

HK0612102193 Hong Kong WEN WEI PO in Chinese 6 Dec 93 p 11

[Report: "Zheng Guoxiong Refutes Chris Patten Facts, Stressing That Patten Confuses Black and White"]

[Text] Zheng Guoxiong, deputy director of XINHUA NEWS AGENCY, Hong Kong branch, pointed out yesterday that the responses by Hong Kong Governor Chris Patten and the Hong Kong Government spokesman to the statement by the State Council's Hong Kong and Macao Affairs Office spokesman shows that the British Hong Kong government continues to hang onto its erroneous stand in an attempt to confuse right and wrong and mislead the Hong Kong people. Even though the British side refuses to cooperate with China, he added, China will ensure the smooth transition of sovereignty in accordance with the Sino-British Joint Declaration and the Basic Law, regardless of the circumstances; China will perform its duties with firm confidence and a positive attitude and will urge the Preliminary Work Committee to step up its work. Zheng Guoxiong made the above remarks after attending the gathering to mark the 45th founding anniversary of the Hong Kong Federation of Trade Unions.

Zheng Guoxiong said: During the recent rounds of talks, the Chinese side proposed "decoupling the discussions" of the 1994 and 1995 electoral arrangements by dealing first with the electoral arrangements for district boards and the two municipal councils, because their problems are simpler and the elections are imminent. In this respect, the Chinese side has made great efforts and major concessions. You can find this out if you read carefully the statement by the State Council's Hong Kong and Macao Affairs Office spokesman. Despite this, however, the British side reached for a yard after taking an inch and created side issues by insisting that a package solution be sought to arrangements for district board elections and 1995 Legislative Council (Legco) elections. Obviously this was an excessive and unreasonable demand designed to create new difficulties for the talks. Again, it was the British side who first wanted to suspend the talks. Later, Hong Kong Governor Chris Patten announced on 2 December that he will table his constitutional reform package to Legco. Through their words and deeds the British side has given us an important message that they are no longer willing to conduct talks. Therefore it is the British side that is to blame for the suspension of the talks.

Zheng Guoxiong added: During the talks, the British side first wanted to suspend the talks and later disrupted Sino-British cooperation by tabling the constitutional reform package in Legco. But now they are putting on a show by expressing the hope of holding the 18th round of talks. All this aims at passing the buck to others and misleading the citizenry and the media. Zheng Guoxiong believed that the large numbers of Hong Kong people will realize this.

Zheng Guoxiong continued: The Sino-British Joint Declaration clearly provides that the Chinese and British sides must reach a consensus on matters concerning the transition of sovereignty in 1997. The Chinese side has consistently abided by this principle but the British side, especially Chris Patten, has brushed it aside and had its own way. Since he put forward his constitutional reform package, which violated the principle of "three conformities," more than a year ago, Chris Patten has been trying to disrupt Sino- British cooperation, persisted in his confrontational position, and even gone so far as to suspend the talks. So, the responsibility rests with the British side. Nevertheless, China is firmly determined to recover its sovereignty over Hong Kong in 1997 and the PWC is stepping up its work. We are confident and capable of ensuring Hong Kong's smooth transition and achieving Hong Kong's long-term stability and prosperity.

PRC Cherishes No 'Illusion' About Talks

HK0612075293 Hong Kong WEN WEI PO in Chinese 6 Dec 93 p 2

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "Since the British Side Has Unilaterally Terminated Talks, the Chinese Side Stresses that It Must Not Cherish Illusions"]

[Text] Beijing, 5 Dec (WEN WEI PO)—When asked by this reporter about Patten's remarks that the position of the Chinese side fell back in the 16th and 17th rounds of talks, a source of the Chinese side said here today that Patten is confounding black and white and confusing right

and wrong. He said: Now that the British side has terminated the talks unilaterally, we should not cherish any illusions about the talks.

Answering the question concerning the retrogression of the Chinese position in the 16th and 17th rounds of talks as claimed by Patten the other day, this source said: I am shocked at a politician who has gone so far as to confound black and white and confuse right and wrong. The fact is—during the 16th and 17th rounds of talks, the Chinese side repeatedly declared that the plan proposed by the Chinese side in the 15th round of talks will remain unchanged. During the 17th round, the Chinese side also submitted to its counterpart a written copy of an agreement drawn up exactly in accordance with the plan that it proposed in the 15th round of talks without amending a single word. But despite the sincerity of the Chinese side, the British side flagrantly announced that the "first stage" of talks should be ended here. Therefore, which side on earth has fallen back in its position? This is self-evident.

The source added: The clumsy practice of the British side like a villain suing his victim before he himself is prosecuted so that he can trump up a countercharge against the victim can only be described as being "at its wits' end." This is another clumsy performance after it denied that there was already an agreement between the Chinese and British Governments concerning the 1995 elections. The source said finally that since the British side had unilaterally terminated the talks, illusions about the talks should not be cherished any longer.

Editorials View Electoral Bill Decision, Talks

UK Accused of 'Deceptive' Negotiating

HK0312131093 Hong Kong WEN WEI PO in Chinese 3 Dec 93 p 2

[Editorial: "Tabling of Partial Bill Was Premeditated; Blame for Discontinuation of Talks Is Unshirkable"]

[Text] After blatantly "gazetting" his constitutional reform proposals on 12 March, Chris Patten yesterday announced the tabling of his proposals to the Legislative Council [Legco] for discussion. These two moves indicate that from the day Patten's proposals were announced, the British side was determined not to be constrained by the Sino-British talks and planned to put Patten's proposals into practice. Their participation in the talks was just a stalling tactic to go through the motions with China and to pull the wool over the public's eyes.

The British side had always threatened and blackmailed the Chinese side with "lack of time," in the hope of pressing the Chinese side to accept Patten's proposals. The people of Hong Kong saw through their deceptive tricks in claiming a "lack of time" and that "the elections cannot be separated" and proposed that the talks should be aimed at reaching an agreement first on the arrangements for the district board elections and the two municipal councils and then on the arrangements for the 1995 Legco elections. The Chinese side accepted the opinions of the people of Hong Kong and made the greatest efforts and the biggest concessions (compromising on a voting age of 18 for the district elections; the single seat, single vote system; and the issue of appointed legislators in light of the positions of both sides). Just when a preliminary agreement was about to materialize on the election arrangements for the district boards and the two municipal councils at the 17th round of talks, the British side, fearing that the talks could continue, immediately introduced the difficult issue of the 1995 Legco elections onto the agenda, deliberately causing an impasse. Furthermore, the British representatives announced at the negotiation table that they had been authorized to "terminate the first stage of the talks."

If China and the United Kingdom had reached a preliminary agreement, it would have solved the problem of "time pressures" mentioned by the British side and would have left ample time for discussion on the 1995 Legco election issue, thus laying a positive foundation for future talks and creating an atmosphere conducive to mutual understanding and mutual accommodation. But the British side refused to do so.

Why did the British side announce the "termination of the first stage of the talks?" This has nothing to do with time pressures at all. The purpose of the British side is to move "toward the set objective" and deliberately cause a breakdown of the talks in order to table the constitutional reform proposals in Legco and create a situation where Legco will decide the direction of constitutional reform and will make decisions on the details, and China and the UK should subsequently acknowledge the fait accompli. If this attempt should succeed, Hong Kong would become an independent or semi- independent political entity, and Legco would override the central government. The ultimate purpose of the Patten proposals are to change the existing constitutional system, place the legislature above the executive, and allow pro-UK, anti-China forces fostered by the British side to control Legco. In this way, although the UK would hand Hong Kong back to China in name in 1997, it would still be able to influence Hong Kong's political affairs in reality.

The British deliberately put a check on negotiations on the easier arrangements concerning the district board and municipal council elections, while hypocritically expressing their willingness to negotiate on the more complicated and more controversial issues. It is obvious that they were trying to undermine the talks, pull the wool over the eyes of the public, and shift the blame onto the Chinese side. The Chinese side saw through the British side's scheme and tried to solve the problem by "dealing with the easier ones first." This was a sign of sincerity, through which the people of Hong Kong are able to see which side blatantly announced the termination of the talks at the negotiating table, and, once away from the table, played a double game and pretended to be willing to continue with the talks.

At yesterday's Legco question-and-answer session, Chris Patten said: "The British have very good faith in negotiating with the Chinese side and are hoping to reopen an 18th round of talks on the 17th and 18th of December,"

and "the British side will never leave the negotiating table." This is very hypocritical. Talks should be conducted according to rules that must be observed by both parties. At least, before any agreement is reached, neither side can put its proposal into practice and create a fait accompli. One side's unilateral action means discontinuing the talks through its actions and that it would not be bound by the talks, nor would it observe any resulting agreement. The British side, before any agreement was reached, has created a fait accompli according to its own will. All the value of the talks is therefore gone. This is nothing but a trick to fool their negotiating partner and is the act of a bad loser.

The British side's hypocritical statement about "not leaving the negotiating table" is sheer nonsense. The British side is not constrained by the talks at all. It wantonly sabotaged the foundation of mutual trust for the talks, smashed the negotiating table, and closed the door to the talks. Its claim that it would "not leave the negotiation table" is an outrageous lie, aimed at shirking the blame for causing the serious consequences of discontinuing the talks.

On 30 November, Douglas Hurd wrote to Qian Qichen, claiming that the British Hong Kong Government would table part of the constitutional reform proposals to Legco. The next day, Qian Qichen, vice premier and foreign minister, responded with his objection to the British side's unilateral action and a warning that if the so-called constitutional reform bill were tabled to Legco for discussion, this would mean the discontinuation of the talks and the Chinese side would not be to blame.

Knowing as they did that tabling the bill to Legco would cause the discontinuation of the talks, the British nevertheless risked the danger and went ahead regardless. This means that the British side has deliberately caused the breakdown of the talks and should therefore bear all the consequences. The British side's so- called "wish to reopen an 18th round of talks" is as ridiculous [ke xiao 0668 4562] as breaking a porcelain antique and then claiming that one treasures antiques. The Chinese side has had experience of the British side's perfidious actions time and time again. The British side claims that it observes the Joint Declaration, yet the way it has handled things is in effect contrary to Annex 2, and it has negated consultations and cooperation. Though the British side says it converges with the Basic Law, it ignores Article 97 of the Basic Law, equates district organization elections with political power organization elections, and handles them as one package in the legislative process. The Basic Law stipulates the method for constituting the first Legislative Council, but the British side has obstinately gone its own way and has tried to allow Legco to overstep its authority.

The British side has deviated from the "three conformities" in terms of the contents of the election proposals and has also contravened the "three conformities" in terms of the procedures and means of handling the issue. It is going farther and farther off course. The serious move of tabling the constitutional reform package to Legco has made the situation irreversible and has left no leeway. The Chinese side has done what is humanly possible, tolerated what should be tolerated, and made all necessary concessions. In the days to come, the Chinese side will accelerate the work of the Preliminary Work Committee and will have the National People's Congress-designated organization formulate a method for constituting the first Legislative Council in accordance with the provisions of the Basic Law.

Suggestion of Further Talks 'Hoax'

HK0412084093 Hong Kong WEN WEI PO in Chinese 4 Dec 93 p 2

[Editorial: "That the British Side Suggests Another Round of Talks Is Nothing But a Hoax"]

[Text] Despite the Chinese side's repeated warning that "if he tables the political reform proposal to the Legislative Council [Legco] it will imply that the talks will end," Chris Patten was bent on having his own way. This has led to the unilateral termination of the talks, which is a grim situation. Nevertheless, Patten continued to defend himself, saying: "Gazetting it is intended to safeguard the Joint Declaration and ensure Hong Kong people ruling Hong Kong and one country, two systems" and so forth.

Patten's show has opened the eyes of Hong Kong people so that they can see what stubborn thinking the colonialists stick to. The spirit of the Joint Declaration is that Britain is to return Hong Kong to China in 1997 when the PRC will resume the exercise of sovereignty, practice rule by Hong Kong people, and achieve "one country, two systems" in accordance with the Basic Law. The "one country" to which Hong Kong belongs is the PRC, not the United Kingdom. The colonialists have occupied Hong Kong for more than 150 years and should now negotiate and cooperate with China in accordance with the provisions of the Joint Declaration and should transfer political power and ensure that their work converges with the Basic Law. However, no sooner had Patten arrived than the colonialist governor acted arbitrarily and hid the truth from Hong Kong people and from the Chinese side by putting forward the "three violations" political reform proposals. These proposals neither converge with the Basic Law nor conform to the provisions of Annex II to the Joint Declaration. It shows that Patten is bent on not implementing the Joint Declaration. He told a barefaced lie when he said "safeguard the Joint Declaration." In 1997, the colonialist governor will have to lower his national flag and go home and will no longer have any administrative authority. He has no right to handle the affairs of the special administrative region and has no right to decide on any election proposals or political proposals straddling 1997. All these matters will be governed by the Basic Law and cannot be governed by Patten or Legco, a consultative organization under his control. It is, of course, unrealistic for Patten to stretch out his hands beyond 1997, arrange his hoped-for anglophile and anti-Chinese people to rule Hong Kong, and then let them take the "through train, thereby extending British colonial rule.

As some British papers have pointed out, "it is hopeless for Britain to confront China, a giant in the East, on the question of the 1997 political system." Hong Kong's future is to revert to China, and it is impossible for it to take the beaten British colonial track. Patten would presume that Britain can handle Hong Kong as it did other former British colonies by establishing an independent political system at its will and then placing its British-fostered representatives at the center of the ruling body so that it can exercise control behind the scenes. Patten is still intoxicated with the old dream of Louis Mountbatten. The fact that he wants to exert influence over the Hong Kong people who are empowered by the Basic Law to rule Hong Kong is completely impractical and also runs counter to the Joint Declaration.

Why is Patten going to gazette the political reform proposals and table them in Legco in such a hurry? He has two motives. First, he is attempting to show that Hong Kong is still taking the beaten track of independence as other former colonies did and that the political system following British withdrawal should be decided by Legco during British rule. Second, he has set a diplomatic hoax and trap and is tempting China to step into it. Britain is very well experienced in withdrawal from its former colonies, whereas this is the first time China has recovered occupied territory from the hands of the old colonialists. The British side is attempting to "act before talk," hence "what it says is different from what it does." They would first gazette all items on the agenda before the talks and let Legco discuss and decide on them first and then say that the "decisions already made by Legco cannot be changed," but only require the Chinese and British Governments' rubber stamps. Therefore, they have long since reached a conclusion on the talks, that is, putting Legco above everything else. Patten is attempting to get China into the hoax so that it will be led by Legco. If he succeeds in this, Britain can achieve its plan of changing Hong Kong into an independent or semi-independent political entity.

Therefore, after assuming the governorship of Hong Kong, Patten did not hold any negotiations with the Chinese side over the 1994 and 1995 election arrangements, but jumped the gun, acted arbitrarily, and tailor-made the political reform proposals, and then announced them to Legco. Patten has claimed that as long as political reform becomes established as a fact, he does not believe China will override it after 1997. Now the talks are there in form only and are merely intended to make China acknowledge that Hong Kong affairs straddling 1997 are to be decided by Legco and that Legco decisions should be accepted later at the conference table.

Patten has stated again and again that he hopes an 18th round of talks can be held, but the spokesman for the Hong Kong and Macao Affairs Office unmasked his statement as a hoax when he said: "The talks between the Chinese and British Governments cannot be swayed by Legco! If you can bully us by having the single seat, single vote system passed in Legco today, you can do the same by other means tomorrow. How can the talks continue then?"

The Chinese side will surely not accept any talks given the fact that Patten's political reform proposal is going to be discussed in Legco. The British side, in gazetting the proposals, has already ended the talks, and has reached a conclusion to the talks by tabling them in Legco. Even if the talks continue, the British side will still continue to proceed with the "three violations" and Legco will still decide everything in ways conducive to implementing Patten's proposals in phases. Legco had already passed the Mcgregor motion, which supports Patten and which opposes convergence with the Basic Law, as early as October last year. The British side has long since reached a conclusion, and the fact that it hypocritically expresses the wish to hold an 18th round of talks is intended to get the Chinese side into this big hoax.

The British side has no sincerity for the talks whatever, nor has it any sincerity for acting in accordance with the agreements. The British side would say that all agreements and understandings previously reached do not count as Legco "does not agree to them." Are not the talks a waste of time? The agreement on the court of final appeal has already been vetoed by Legco! Annex II to the Joint Declaration has also been set aside as the British side has made use of Legco's decision. Has the British-controlled Legco ever respected the agreements made in the seven letters between the Chinese and British foreign ministers? If the British side insists that Legco makes the final decision, obviously the talks will be totally meaningless. So Hong Kong people will not be duped, nor will the Chinese side.

Correction to Item Citing XINHUA Spokesman

HK0312040193

The following correction pertains to the item subheaded "XINHUA Spokesman Reacts," published in the Hong Kong & Macao section of the 2 December China DAILY REPORT, page 73:

Column two, second paragraph of item, third sentence, make read: ...an agreement on electoral arrangements for district organizations in Hong Kong. At this.... (rewording)

Same paragraph, fourth sentence, make read: ...talks on the electoral arrangements for district organizations and, without any agreement.... (rewording)

Same paragraph, fifth sentence, make read: This was a very serious move by the UK taken with the intention of undermining [po huai 4275 0975] the negotiations, and... (adding words "very serious," providing vernacular and STC's for "undermining")

TV Summit Views Satellite Transponder Shortage

HK2911122093 Hong Kong AFP in English 1205 GMT 29 Nov 93

[By Christopher Hines]

[Text] Hong Kong, Nov 29 (AFP)—Satellites in orbit over Asia may not be bumping into one another quite yet, but

experts at a conference here Monday said there were too many televison programers chasing too few transponders.

"All this rush to get into orbit creates tremendous pressure," said Peter J. Cott of Cottconsult, a satellite consulting firm based in Britain. "I venture to consider that the orbits will be full in a couple years' time." Cott, who was speaking at the 1993 Asia- Pacific Cable and Satellite Television Summit in Hong Kong, said the region's tremendous television and communication growth had overtaken the supply of satellite transponders in orbit overhead. He said that only four years ago, apart from the Intelsat satellites and a couple serving Japan, the only other satellites in the region were government owned and controlled, such as those for India and Indonesia. But Cott said the situation had dramatically changed since the launching in 1989 of Asiasat-1, and there are now at least seven different systems vying for orbital space. They are "desperate to enter service as quickly as possible," Cott said.

William G. Hooks, managing director of HBO Asia, a pay-movie cable channel owned by U.S. media giant Time-Warner, said there are a lot of television programers out there who are betting on explosive growth in the Asia-Pacific region. "All these programers are lining up before they know where they will be distributed," Hooks said.

One idea floating around the conference was to create a regional regulatory body, like the United States Federal Communications Commission, to allocate orbital space and frequencies. Individual governments in the region currently have authority over television frequencies in their countries, and many of them are under-utilized in Asia. "They have to be used for the region as a whole," Cott said, who added that new digital-compression technology could greatly increase the carrying load of satellites already in orbit.

Jorn Christensen, of Asia Sat in Hong Kong, recommended that Asian governments better coordinate their efforts with the Radio Regulations Board, a United Nations organization responsible for enforcing international frequency treaties. But he added: "It is difficult to imagine that (government) administrations will give up their sovereignty of the airwaves to provide for such things as mandatory settlements of disputes or requiring operators to show due diligence in proceeding with the construction of a satellite."

Telecommunications Monopoly To End

HK0112053693 Hong Kong SOUTH CHINA MORNING POST in English 1 Dec 93 p 1

[By Gareth Hewett]

[Text] Hong Kong has been hooked up to a new era of telecommunications, promising cheaper calls and more services, with the introduction of three new providers to end Hong Kong Telecom's 100-year-old monopoly.

Government Director General of Telecommunications, Alex Arena, confidently forecast the start of a telephone revolution in Hong Kong, with more competition and more choice in the territory.

The three companies picked to compete against the giant Hong Kong Telecom are jointly expected to spend $7 billion on setting up their services.

As competition is expected to be based on price, Mr Arena forecast a rate-cutting bonanza for telephone users, saving about $1.7 billion on Hong Kong's collective telephone bill over 10 years—in real terms.

Winners of the new licences expected to kick start the telephone revolution are Hutchison Telecom, led by Li Ka-shing's Hutchison Whampoa, New T&T Hong Kong, led by Peter Woo's Wharf Holdings, and New World Telephone, backed by Cheng Yu-tung's New World Development.

This group represents some of the territory's most wealthy and highly capitalised conglomerates, with a global reach in business activities and exceptional connections with China.

Secretary for Economic Services Gordon Siu Kwing-chue said the announcement of the intention to issue these new licences represented the dawning of a new era.

"I am pleased to see the successful outcome of the licensing exercise of fixed telecommunication network services (FTNS) which will bring substantial benefits to both consumers and the business sector," he said.

The territory had already made achievements in telecommunications that it could be proud of, being the world's first fully digitalised network with 3.6 million telephones. The system boasts a per capita traffic rate five times that of the United States and 20 times that of Japan.

Mr Siu said licensing approval was needed from the Sino-British Joint Liaison Group, the Executive Council and the Legislative Council.

Upon the new licences being formally granted, the new providers will be allowed to compete with Hong Kong Telecom on all but voice services until July 1995, when they will be able to enter the voice market.

New T&T Hong Kong plans to offer services throughout the territory with services supported by Wharf Cable in telephone, faxline and data terminal associated services.

Hutchison Communications also plans to provide services for the public, with a proposed personal number service by which the user can be reached wherever they are by the diversion of telephone calls.

New World Telephone will also be seeking a niche in the service market, providing secretarial, answering and information services in the office and at home.

Hong Kong Telecom loses its domestic monopoly franchise in July 1995. Chief executive Michael Gale said: "Without network competitors the public have found it difficult to make comparative judgments of our standards of service.

"From July 1995 they will be able to do that. I am absolutely confident that it will become even more apparent to our customers just what an excellent service we provide."

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